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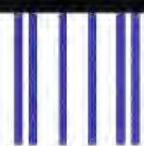
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Roster of State Government Officials

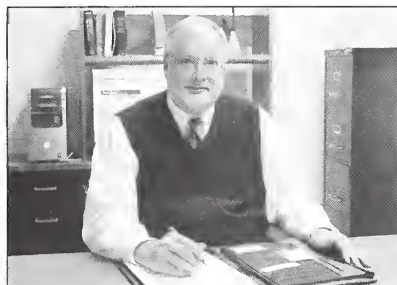
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2011 Roster of State Government Officials



Dana Heupel



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Outcome of pension struggle will hinge on a constitutional clause

by Dana Heupel

Democratic lawmakers from Wisconsin and Indiana who saw Illinois as a safe haven in their battles to protect public employee rights might be surprised to learn that top Democrats here may accede to a Republican effort to force pension reductions on current public employees.

After years of state government failing to contribute its share, Illinois' five public pension systems are underfunded by an estimated \$84 billion, the worst situation in the nation. Furthermore, the state's required contribution and pension debt service for the coming fiscal year could grow as high as \$6.4 billion, according to the Illinois auditor general, or more than 18 percent of state government's anticipated revenue.

Although lawmakers already have decreased pension benefits for all state employees hired after January 1 of this year and increased state corporate and personal income taxes, some believe those actions didn't go far enough to ease the state budget crisis. Now, they are targeting future pensions of current employees.

The outcome of that battle will hinge on this clause in the Illinois Constitution: "Membership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumental-

ity thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." Employee unions and others say it's clear that those words forbid any tinkering with current employees' pensions. Republican legislative leaders, spurred on by the Civic Committee of the Commercial Club of Chicago and others, interpret it to mean that although benefits earned in the past can't be touched, future ones could be reduced.

Both sides wave legal opinions supporting their positions. And both claim support from average citizens. Those who favor changing future benefits say it's unfair for public employees to have better pensions than most workers. Those against more changes point to a *New York Times*/CBS News poll that showed 56 percent of Americans oppose cutting public employee pay or benefits to balance state budgets.

Although the Democrats who control the General Assembly and the governor's office may only be posturing, they are indicating that they might allow legislation to pass and be tested by the courts.

Senate President John Cullerton says he believes it would be unconstitutional to reduce benefits for current employees. He cites a legal opinion by his chief counsel, Eric

Madiar, that "the Clause [in the Constitution] bars the General Assembly from adversely changing the benefit rights of current employees via unilateral action."

Madiar cites court cases and points to transcripts of debates on the clause during the 1970 Constitutional Convention. He concludes:

"The Pension Clause was prompted by concerns raised by state university employees over the underfunding of the university pension system and the lack of constitutional protection for mandatory retirement plans, and by firemen and police officers that municipalities would use their new 'home rule' authority to abandon their local pension plans. ... The Pension Clause serves as a bar against any unilateral legislative or governmental action to reduce or eliminate the pension benefit rights in place when an employee became a member of a pension system."

Although Cullerton believes such legislation would be unconstitutional and says he would vote against it, he also says he would allow the Senate to vote on it if it first passed the House.

House Speaker Michael Madigan, a delegate to that Constitutional Convention who voted in favor of adding the pension clause, says the courts should decide whether

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changes are constitutional.

“What we’re saying is that there’s a benefit plan in place up until today, but starting tomorrow, there’s going to be a new benefit plan that’s not going to be as rich as the old,” Madigan said on television’s *Illinois Lawmakers* program. “Whether the Illinois Supreme Court approves this idea, that’s a matter for the court.”

Driving the push to reduce benefits is a legal opinion written for the Civic Committee, an influential group of Chicago-area business leaders. That analysis by the Chicago law firm of Sidley Austin concludes: “The Illinois Constitution does not prevent Illinois pension reform applicable to current state employees or other members of state pension funds, provided that all contract rights vested by current employees for past service — all rights earned up to the time the pension reforms are implemented — are protected.”

Both sides also have issued further legal analyses recognizing the other’s opinions and attempting to discredit them. Caught in the middle are public employees — state workers, teachers, university employees, judges and, yes, legislators — who have faithfully contributed a portion of their salaries toward their promised pensions and now, because state government didn’t pay its share, coupled with the deep recession, find their retirement funds in trouble.

“Public employees have paid their required fair share of pension costs; it is incumbent on the State to meet its end of the bargain,” Madiar wrote in his opinion for Cullerton.

As of press time, the major pension reform proposal gaining traction in the House was sponsored by Republican Leader Tom Cross. It would give current state employees three options:

1. Keep current pension benefits but pay a higher percentage of their salaries into the system. State employees typically contribute 4 percent of their pay to their pension plan, for instance, while public school teachers contribute 9.4 percent. (Teachers and public university employees cannot contribute to Social Security during their public employment.)

2. Sign up for the same reduced pension plan available to employees who started work after January 1 of this year.

3. Join a self-managed plan, to which employees and the state would both con-

tribute at least 6 percent of the employees’ salaries, similar to many private workers’ 401(k)s.

There is no guarantee that the Republican bills would be the final plan. As it did last year, the General Assembly could again ram unexpected pension reforms through the entire legislative process in one day.

There’s also a question about what Gov. Pat Quinn might approve. After signing the pension reforms last year, he said he would oppose targeting current workers: “That’s the wrong way to go because it’s unconstitutional.” This year, however, he seems to backpedal: “I believe that the Illinois Constitution should be complied with, but if we can make pension reforms as we did last year that are reasonable and common sense and good for taxpayers — and good for beneficiaries, really for the system — then we should certainly explore that,” he told Statehouse reporters.

If pension reforms affecting current employees do become law, Illinoisans can expect a prolonged and expensive legal fight.

“I think you’d have a mile-long line at the courthouse to challenge it,” says Anders Lindall, spokesman for the largest state employee union, Council 31 of the American Federation of State, County and Municipal Employees. “It would be a costly legal battle that the state would lose.”

In a letter to the *Chicago Tribune* last year, former federal Judge Abner Mikva contended that previous court rulings indicate that “every existing employee is protected against changes in benefits.” Even if legislation did reach the courts, Mikva said, “judges, whose pension rights would be impaired if it applied to existing employees, would be making the decision.”

On the other hand, though, Republicans hold a 4-3 majority on the Illinois Supreme Court and might be unintentionally predisposed to support the political party that supported them.

In other words, any way you stir up this issue, you’re going to end up with a mess.

(*In the interest of transparency, if I stay at Illinois Issues for several more years, I could receive a small public pension when I retire. It would supplant benefits I might lose by not being allowed to contribute to Social Security. D.H.*)

Dana Heupel can be reached at heupel.dana@uis.edu.

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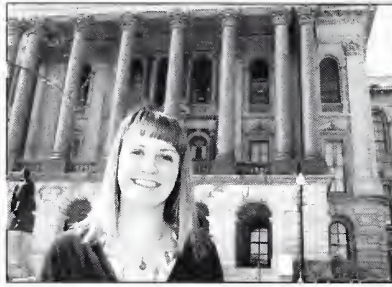
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Jamey Dunn



Illinois' financial tracking systems are out of date and incompatible

by Jamey Dunn

Some shocking numbers associated with the state's finances came out recently. They didn't represent the deficit, the unfunded pension liability — which continued to grow over the last fiscal year — or new revenues from the recent income tax increase. Instead, the numbers are associated with the way the state tracks its finances, and they represent a system that Auditor General William Holland describes as “highly fragmented.”

Illinois uses more than 263 reporting systems to track money throughout all areas of state government, according to a recent auditor general review of the state's accounting systems. Holland notes that the number is likely higher in practice because two agencies did not respond to the audit, and seven other systems were identified but not included in the analysis. “The State of Illinois' financial reporting ‘system’ is comprised of over 260 individual financial systems, many of which are not interrelated, are antiquated and are costly to operate. The lack of a centralized financial reporting system has considerable negative consequences, including untimely financial reporting of the true financial position of the State. The lack of timely financial reporting limits effective oversight of State finances, [and] adversely affects the State's bond rating and jeopardizes federal funding,” the audit says.

Half of the systems being used are more than 10 years old; many are more than 20 years old. The older those systems get, the more difficult they are to maintain and update.

According to Holland's findings, Illinois' complicated budgeting system, which included about 900 separate funds as of 2009, makes accounting all the more difficult. “A complex fund structure increases the level of effort necessary to account for and report transactions and increases the risk of errors and omissions,” he says in the audit.

Half of the systems being used are more than 10 years old; many are more than 20 years old. The older those systems get, the more difficult they are to maintain and update. Some older systems also cannot be used in concert with newer ones, making the entire accounting operation less flexible and adding extra time and cost needed to convert data to suit different platforms.

Only 16 percent of the systems comply with Generally Accepted Accounting Principals (GAAP). The audit says that in reality, the number of compliant systems may even be less than 16 percent and explains why a shift to GAAP would be beneficial — especially when the state is having trouble paying bills and looking for all the revenue it can find: “GAAP reporting provides a more complete picture of an entity's true financial position by capturing expenses that the government owes but has not yet paid, as well as revenue which it is owed but has not yet received.” Illinois does not complete a set of GAAP compliant reports on its finances — known as the Comprehensive Annual Financial Reports — until almost a year after the end of a fiscal year. Holland contrasts that practice with the practices of corporations and businesses that conduct GAAP compliant quarterly reports.

More than 50 percent of the state's reporting systems are not interconnected. So if information is to be shared between them, staff has to convert it. “When data is converted or manually re-entered, it adds time to the process and increases the likelihood of errors. This duplicate work also adds substantial costs in operating the systems,” the audit says. Holland and his team were unable to determine the total annual cost associated with converting and sometimes re-entering informa-

tion that cannot be translated across systems. However, the audit says for 17 percent of the systems, the estimated cost to the state for “duplicated data entry” was more than \$11 million in fiscal year 2010. For the 17 percent of the systems represented in the audit, the cost of converting information for the annual GAAP compliant report alone was \$3.7 million.

Holland proposes that the state move toward working with GAAP standards throughout the fiscal year, so accountants aren’t playing a massive game of catch-up when compiling the annual report. “A statewide system that maintains information on a GAAP basis or routinely converts information to a GAAP basis would drastically reduce the amount of time spent by agencies during the year-end GAAP conversion process.”

About one in three of the agencies that responded to the audit said the lack of staff and proper training is a major hurdle to completing their fiscal reporting accurately and on time. Holland recommends that Gov. Pat Quinn consult with agencies to make sure they have enough staff and expertise to keep their financial books in line. “Sufficient staff, which are qualified and adequately trained in financial reporting, are critical for any reporting system to be successful,” Holland’s analysis says.

The comptroller’s office has to sort out all the information from the disjointed system and try to keep an accurate and timely picture of the state’s finances. However, the comptroller has no control over how executive agencies conduct their financial accounting or any teeth to enforce deadlines. According to the audit, agencies face no penalties if they do not cooperate with the comptroller. Holland recommends that Quinn work with the comptroller’s office to establish due dates for agencies’ accounting reports and work to make sure they can be met.

A representative of the comptroller’s office was not surprised by the auditor’s findings. “The report confirmed what we believed, which is the system desperately needs to be upgraded,” says Brad Hahn, a spokesman for Comptroller Judy Baar Topinka. “We have different agencies, different offices, and all of our reporting systems speak different

languages. ... The different systems cannot talk to each other.”

Holland says the problems with the overall reporting system, especially the amount of time needed to compile the annual report, cause some substantial ill effects for the state. “Legislative and oversight bodies are one of the primary users of financial reports. When financial reports are not available, legislative and oversight officials are forced to use outdated information or unaudited numbers,” the audit says. “The untimely release of the state’s [Comprehensive Annual Financial Reports are] not in compliance with the most basic of financial reporting objectives.” Bond rating agencies also use materials from the annual reports, and they are starting to take notice of Illinois’ slow system. Two recent reports by Moody’s note Illinois’ “untimely” financial reporting as a negative aspect when determining the state’s bond rating, which is used to determine the interest rate Illinois must pay on its borrowing.

But it is difficult to make the case to spend more dollars on upgrades to the state’s financial reporting system while agencies are cutting back and potentially painful cuts to health care and human services are on the table. “That’s been an ongoing dilemma,” Hahn says.

The system is so disjointed that the audit was unable to accurately estimate how much it currently costs to maintain it. Some agencies provided cost estimates that added up to \$24 million in fiscal year 2010. However, that number only represents 56 percent of the state’s accounting system. “There were also instances where agencies provided cost information for one cost component but either didn’t know or could not calculate other cost components, which further understates the total cost of maintaining the systems,” the audit says. More than 20 agencies also use contractors to help with their financial reporting and preparation for the GAAP compliant report. According to the audit, that contracted accounting work cost almost \$1 million in fiscal year 2010.

Hahn says the comptroller agrees with Holland’s assessments and recommendations. He says that money invested in upgrading the system would pay off in the long run, both in reduced waste and

improved oversight. The investment would pale in comparison to the long-term savings that would be realized through greater accountability and transparency, he says. “If you can’t track dollars, you can’t hold government accountable.”

When it comes to appealing to legislators for an upgrade, Hahn says it is in line with the political agendas of members on both sides of the aisle. “There’s universal agreement that we need to address spending and government waste, and modernized technology is critical to doing that effectively.”

Sen. Dan Kotowski, a Park Ridge Democrat, sponsored recently enacted budget reforms that require state spending to be justified through tangible results. He says the accounting system may require an upgrade, and the state should look to being able to document not just the numbers but also the effectiveness of its spending.

“Currently in our state, we audit numbers and services. We don’t audit performance. We need to be able to audit performance. Our cost-based budgeting — the way we’ve done it — just leads to more costs,” says Kotowski. “We’re starting over right now. We have a brand new budget process and a new way of measuring things and accounting for dollars that are spent. And we need to look at this as we’re going through the budget process — if the accounting practices are disparate, if they’re separate, if they’re not uniform.”

He says data collection on both the “outcomes and the expenses” is one of the greatest challenges to efficient budgeting. Upgrades to the state’s accounting system are comparable to data technology investments in the state’s Medicaid system, which were pitched as efficiency upgrades that would save the state money in the long term and approved as part of an overall Medicaid reform package.

“If the comptroller’s office needs some kind of mechanism to fund this to make sure we do a better job of measuring [budget data], I think that’s something that we’d be willing to talk with them about. ... Technology will improve efficiency, and it will save money, and it will improve our effectiveness as a state.” □

BRIEFLY

DEATH PENALTY

Quinn signs abolition bill

Gov. Pat Quinn moved to abolish the state's death penalty in March and commuted the sentences of the 15 inmates on death row.

"He's a compassionate man, and I believe that he made a righteous and a moral decision today to end the system that is so fatally flawed that it almost took my life and the life of 19 other men in the state," says Randy Steidl, who was wrongfully convicted of a double murder in downstate Paris in 1987. "I think every person in the state of Illinois should commend him for that." Steidl was exonerated by former Gov. George Ryan, who imposed a moratorium on capital punishment in 2000 after a number of death row inmates were found to have been wrongfully convicted.

Senate Bill 3539, sponsored by Sen. Kwame Raoul, a Chicago Democrat, and Rep. Karen Yarbrough, a Maywood Democrat, will abolish the death penalty beginning July 1. Illinois joins 14 other states and the District of Columbia that have done away with capital punishment. Four — New Mexico, New Jersey, New York and Maryland — abolished the death penalty within the past year.

The new law also requires that funds that have been used to aid defenses in death penalty cases will go to police training and victims' family support fund. "I want to say to the family members of victims, those who have been murdered, there are no words in the English language, or any language, to relieve your pain, and I understand that," Quinn says. About \$12 million was put into the fund annually, sponsors of the measure say.

Proponents of the measure point to flaws in Illinois' criminal justice system, especially in the prosecution of capital cases. "The punishment of life without parole in a maximum security prison is the only alternative we have when we come to the realization that it is not possible to create a perfect, mistake-free death



Photograph courtesy of Gov. Pat Quinn's office

Gov. Pat Quinn signs the bill abolishing the death penalty in Illinois. At his side are sponsors of the bill: State Sen. Kwame Raoul, a Chicago Democrat, and Rep. Karen Yarbrough, a Maywood Democrat. Behind are Sen. Mattie Hunter and Sen. William Delgado, both Democrats from Chicago.

penalty system. Upon that realization, we should abolish that penalty of death and instead seek other ways of punishing those who do evil," Quinn says.

"Our criminal justice system is imperfect," says Raoul, noting that human error creates the potential for wrongful conviction.

During his campaign for governor, Quinn said he supported having the death penalty as an option for the most heinous crimes. Once lawmakers passed the abolition bill, Quinn says it was his "responsibility" to hear from proponents and opponents. "I felt it was important to study every aspect of the death penalty system."

Opponents say the punishment should be in place for the worst-of-the-worst offenders.

Rep. Dennis Reboletti, an Elmhurst Republican, says he was frustrated about receiving no word from the governor after he forwarded a letter in late Febru-

ary on behalf of Cindy McNamara, the mother of Shannon McNamara, an Eastern Illinois University student, who was brutally murdered in 2001 by Anthony Mertz. He was the first murderer sentenced to death after Ryan cleared death row. His sentence was one of 15 Quinn commuted.

"[McNamara was] owed [a conversation with Quinn] if nothing else to get her perspective of being a mother of a young lady whose life was taken very tragically," Reboletti says.

A spokesperson for Quinn says the governor did attempt to reach out to McNamara.

Quinn says he did his best to consult people on all sides of the issue. "It's probably impossible for me to talk to everyone, but I certainly talked to a representative number of every single one of those who have an interest in this issue. That's the best you can do."

Lauren N. Johnson

LEGISLATIVE CHECKLIST

Legislators introduced a flurry of bills before the procedural cutoff for new legislation in both chambers. Lawmakers look to take on the issues of campaign contributions, changes to state pension requirements, concealed carry of firearms and Illinois' Freedom of Information Act. Meanwhile, Gov. Pat Quinn signed into law bills that will change the budgeting process in the state.



Budgeting

SB 3708, PA 1531 Gov. Pat Quinn signed into law a requirement that the governor only use revenues that are legally available to him at the time he introduces his budget. Sen. Dan Kotowski, a Park Ridge Democrat, sponsored the measure. Under the new law, the governor must submit financial statements to Illinois' comptroller and legislature within 45 days of the last day of each fiscal year. Quinn signed the bill after he presented his budget for fiscal year 2012.



Contributions

HB 0232 Currently, political party committees, such as those administered by the legislative leaders, are limited to giving \$200,000 to statewide candidates, \$125,000 to Senate candidates and \$75,000 to House candidates during primary elections. Under this measure, sponsored by House Minority Leader Tom Cross, an Oswego Republican, the contribution limits would be extended to the general elections.



Scholarships

HB 0227 The legislative scholarship program, which allows each member of the General Assembly to hand out tuition waivers to state schools, would end as of June, under a measure sponsored by Rep. Jack Franks, a Woodstock Democrat. Gov. Pat Quinn called for an end to General Assembly scholarships in his budget address in February.



Minimum wage

SB 1565 Illinois workers earning minimum wage would see an increase in their paychecks through a measure that would raise the state's minimum wage from the current \$8.25 per hour to \$10.65 per hour by 2014.

The bill was sponsored by Sen. Kimberly Lightford, a Maywood Democrat. If passed, it would also raise minimum wage to \$10.65 for tipped workers. Service providers such as car washes, restaurants and nail salons can now pay some employees as little as \$4.95 per hour.



Sex offenders

HB 1139 This legislation, sponsored by Rep. Robert Pritchard, a Hinckley Republican, would have addressed so-called Romeo and Juliet cases, but it failed in the House. An offender not more than four years older than the victim could have petitioned to be excluded from the sex offender registry if the victim consented to sexual activity and were at least 14 years old. Pritchard tabled an earlier version of the bill, **HB 0187**, because he says it conflicted with federal law.



Elections

HB 0027 This bill, sponsored by Rep. Lou Lang, a Skokie Democrat, would require election authorities to offer voter registration in precincts on Election Day.



Cigarette tax

SB 0006 Smokers would have to pay a dollar more for a pack of cigarettes, under legislation sponsored by Senate President John Cullerton, a Chicago Democrat. A similar, dollar-a-pack cigarette tax increase measure, **SB 44**, passed the Senate during the last legislative session but failed to get the necessary votes in the House. Earnings from the cigarette tax increase would go toward long-term care and education.



Drug possession

HB 100 Individuals caught with marijuana could receive lesser penalties, under a proposal sponsored by LaShawn Ford, a Chicago Democrat. People caught with no more than 28.35 grams of cannabis would be fined \$500 for a first offense, \$750 for a second offense and \$1,000 for a third or subsequent offense. Those fines start at \$1,500 now. Fifty percent of all fines collected would go to law enforcement agencies that conducted the arrest.



Firearms

HB 0003, HB 0142 Local municipalities could not impose provisions, restrictions or

limitations on the purchase and carrying of firearms, under a measure sponsored by Rep. Mike Bost, a Murphysboro Republican, and a similar bill, sponsored by Rep. Dan Reitz, a Steelville Democrat.

HB 0004 This legislation, sponsored by Rep. Mike Bost, would deny counties with home rule authority the power to require firearm training and instruction or to otherwise regulate the ownership or possession of firearms. A gun ordinance passed in Chicago currently requires firearm training to own a gun in the city.

HB 0008, HB 0265 Counties, including those with home rule authority, would not be able to regulate the use of firearms, under a measure sponsored by Rep. Randy Ramey Jr., a Carol Stream Republican, and a similar measure sponsored by Rep. John Bradley, a Marion Democrat. Each county would also be prohibited from imposing additional restrictions or limitations other than those already in place regarding purchasing or carrying firearms.



FOIA, open meetings

SB 2203 This legislation, sponsored by Sen. David Koehler, a Peoria Democrat, would enact a number of limits to Illinois' Freedom of Information Act. The bill would double response time for an information request from five to 10 days, eliminate the requirement that the first 50 pages of a response must be provided free-of-charge and exempt applications to fill vacancies to a public office. The bill would also eliminate the requirement that public units ask Illinois' attorney general for permission to invoke personal privacy or draft exemptions, and end the mandate that public units must explain reasons for denying FOIA requests.

SB 1901 A board of a municipality would be required to hold a public hearing before voting to raise an officer's or employee's earnings by more than 6 percent, under legislation sponsored by Sen. Matt Murphy, a Palatine Republican. The bill would override home rule.

HB 1670 This measure would require all newly elected public officials in Illinois to take Open Meetings Act training after their election. Those who fail to do so would become ineligible in all following

Continued to next page

BRIEFLY

continued from previous page

elections. Elected officials who serve public bodies that require attendance of their attorney at each meeting would be exempt from the training. Rep. Kelly Burke, an Oak Lawn Democrat, sponsored the bill.



Proper burial

HB 1457 Legislation sponsored by Rep. Bill Cunningham, a Chicago Democrat, would limit cemeteries to three caskets in one grave and prohibit the burying of human remains of multiple bodies in the same casket. A reform process began after reports of the remains of poor and unidentified people being interred up to eight per grave in some Chicago-area cemeteries.



Controlled substances

HB 2089 After national news coverage of recent abuse of a chemical found in “bath salt” products, called methylenedioxypyrovalerone or “MDPV,” Rep. Wayne Rosenthal, a Litchfield Republican, sponsored legislation to outlaw the drug in the state. According to the federal Drug Enforcement Administration, the drug is a central nervous system stimulant and has not been approved for medical use in this country.



Insurance

HB 0231 Automobile owners would have been required to carry \$100,000 in insurance to cover the death or injury of one person, \$300,000 to cover the death or injury to more than one person and \$100,000 to cover property damage, under a measure sponsored by Rep. David Leitch, a Peoria Republican. After more than two decades without change, Leitch says Illinois’ mandatory liability coverage requirements for auto insurance are too low and should be increased. Leitch’s measure failed to get the needed support from a House committee.



Pensions

HB 1502 New public employees would be able to retire at age 62, rather than age 57, if they have at least 10 years of service credit, under a measure sponsored by Rep. Raymond Poe, a Springfield Republican.

Lauren N. Johnson

Quinn lays out \$52.7 billion budget plan

Gov. Pat Quinn targeted human services and health care for cuts in his budget proposal for the next fiscal year, while highlighting the need for economic development and job growth.

In his address to legislators, Quinn called for limited spending in the wake of the national economic meltdown and Illinois’ fiscal crisis. While a new income tax increase has already brought in about \$3 billion in revenue, it will not solve the state’s deficit alone. “Three billion dollars in additional revenue definitely helps, but we also have \$6 billion in overdue bills [to providers, contractors and schools],” says Kelly Kraft, spokeswoman for Quinn’s budget office. “The list of bills that the state owes goes on and on.”

According to the governor’s staff, his proposed budget contains no new programs and cuts spending by nearly \$1 billion. However, Quinn did propose spending increases in some existing programs. All state spending in the proposal totals \$52.7 billion. Republicans claim that figure represents a \$1.7 billion increase from last year’s spending. However, Quinn’s staff insists that last year, the state did not make some required payments in full and did not pay the required \$4 billion pension fund payment from general revenue funds. So, they say, last year’s numbers do not represent a realistic budget.

“Our commitment to taxpayers is simple: We will only use tax dollars to provide necessary state services,” Quinn said in his budget address. “All unnecessary state spending will be eliminated.”

Senate Republicans say Quinn’s reductions do not go far enough and an additional \$4 billion to \$6 billion in cuts are needed to avoid a “multi-billion-dollar deficit within five years.” Senate Minority Leader Christine Radogno says, “Despite the [increased] taxes unless we reform spending, we’re not going to get out of this.”

Quinn touted his recent efforts to bring more business to the state, called for reforms to the workers’ compensation system and announced the creation of an Illinois Innovation Council, aimed at promoting economic growth. He also called for \$1.5 billion in new capital

construction spending to catch up on maintenance at universities and state facilities that has been put off in recent years because of budget constraints.

“He did reach out to business,” David Vite, president of the Illinois Retail Merchants Association, says of the speech. “He recognizes that Illinois business is suffering and as a result the creation of jobs is suffering. ... He knows that government cannot be the cure-all for the economic malaise we’re in.”

The governor’s plan includes a jump in general state aid funding to schools from \$4.6 billion to \$4.86 billion. That increase would bring the foundation level — the funding the state gives schools per student each year — to \$6,267, up from \$6,119. But Quinn also proposed eliminating all state dollars spent on regional superintendents’ offices. He says the almost \$14 million in savings from that cut should go toward schools. His plan also cuts \$95 million from state support for transportation costs spent on busing students to schools. Quinn called for a consolidation effort to reduce the number of Illinois’ 868 school districts, a plan he says would realize \$100 million in future savings.

“Is it a state responsibility to make sure the kids get to school? Or is that a local district responsibility, a parental responsibility, to get the kids to school? This is not the highest priority when you weigh objectives and priorities against one to the other,” says Quinn’s budget director, David Vaught. But some say the consolidation and cuts to transportation budgets would place a heavy burden on schools. “At a time when we are talking about making larger geographic districts, we won’t have transportation money. ... They are kind of in conflict,” says Hutsonville Republican Rep. Roger Eddy, who is also superintendent of Hutsonville School District 1.

Quinn proposed cutting the rates that health care providers are paid to treat Medicaid patients, a move he says could save \$550 million in the first year. According to opponents, the move could threaten the health care access of some Medicaid patients. “Making such deep cuts will pose serious challenges to many financially fragile hospitals, which

are already struggling to survive. With hospitals being squeezed between higher costs for labor, new technology and medical liability and inadequate revenues during the current economic downturn, their ability to continue to perform the critical role of serving their patients and their communities will be seriously jeopardized by Medicaid rate reductions,” Danny Chun, a spokesman for the Illinois Hospital Association, said in a written statement.

Under the plan, all state funding for mental health programs and addiction treatment and prevention services not covered by Medicaid, which brings in federal matching funds, would be cut.

According to Sara Moscato Howe, a spokeswoman for the Illinois Alcoholism and Drug Dependence Association,

the proposed \$53 million in cuts to substance abuse programs would mean almost 19,000 people would lose access to treatment. Howe says about 80 percent of those in state-funded addiction treatment today are not eligible for Medicaid. “We have a lot of the working poor ... so they’re stuck in the middle.” As of press time, Quinn had backtracked on proposed cuts to substance abuse programs for the current fiscal year. Moscato Howe says providers were told that the Quinn administration is “reviewing” the cuts proposed in his budget for FY 2012.

Quinn continues to push for \$8.75 billion in borrowing, which Republicans oppose, to pay down the state’s estimated \$6 billion backlog of late bills. According to Vaught, Illinois actually

has about \$9 billion in unpaid obligations to various sources, including employee health care contributions and corporate income tax refunds.

Radogno says Quinn should do more to explain how the borrowed funds would be spent. Leaders in the Senate voiced concerns that Quinn might be planning to use some of the borrowed money to supplement his new budget. “The governor’s estimated revenues in [fiscal year] ’12 are \$1.45 billion less than his proposed spending. At first glance, the governor’s budget appears to rely on debt restructuring that has not been secured. I am among those with questions about how the governor plans to use these dollars if they are approved,” Senate President John Cullerton said in a written statement.

Jamey Dunn

Key FY 2012 budget numbers

- **\$52.7 billion** in total expenses
- **\$8.75 billion** proposed borrowing
- **\$4.86 billion** in school spending
- **\$1.5 billion** increase capital funding
- **\$550 million** cut in rates to Medicaid providers

Photograph by Jamey Dunn



Families who educate their children at home flocked to the Capitol to oppose a bill that would require them to register with the state. Hundreds of families filled the rotunda and sang songs such as “Amazing Grace” and “God Bless America” as Senate Bill 136 was being debated in a committee hearing. The sponsor, Sen. Ed Maloney, a Chicago Democrat, has since tabled the legislation.

Concussions spark legislation

As the National Football League looks to address concussions sustained by players, Illinois legislators are considering changes to help protect high school athletes.

Research has demonstrated that repetitive brain trauma can cause a condition known as chronic traumatic encephalopathy (CTE). Symptoms include memory loss, confusion, impaired judgment, paranoia, difficulty with impulse control, aggression, depression and progressive dementia, according to the Sports Legacy Institute, a group working with Boston University to study CTE and educate the public.

CTE has been linked to suicides of former NFL players — most recently former Chicago Bear Dave Duerson. The former safety instructed his family to donate his brain to the university for research on the effects of the disease.

The NFL has started to change its practices in regard to concussions and is urging states to take steps to protect student athletes. The Illinois House approved **House Bill 200**, which requires school boards to develop a concussion education policy. It also requires that any student who may have sustained a concussion be examined and cleared by a doctor before returning to play. Officials, sports trainers and coaches can pull players out of games if they display symptoms of a concussion. According to the NFL, about 10 states nationwide have passed similar legislation.

“We know in the NFL that we set a standard in sports. ... When we change our approach, others take notice and they will follow, and that’s important to us,” NFL Commissioner Roger Goodell said at a Seattle news conference. “We truly believe that youth sports are essential to the development of our kids ... and the NFL also believes that we can make sports safer than they are today.”

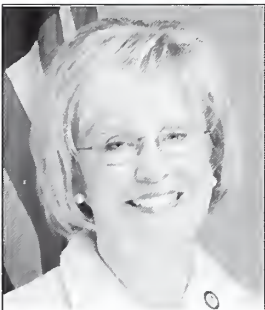
Advocates of the Illinois legislation say concussions are a concern in all sports. “It’s also not just a football issue. We’ve seen concussions in soccer, volleyball, wrestling, basketball, really any active sport [and] competitive cheer. So we talk about it a lot with football, but it’s in no way limited to football,” says Marty Hickman, executive director of the Illinois High School Association.

Kurt Becker, who was Duerson’s teammate on the Bears, says during his five years at the University of Michigan and nine years in the NFL, he likely played with concussions. The Super Bowl champ and high school football coach says that a macho attitude compelled many to play through pain when there was little knowledge of the long-term effects of brain trauma. “The trainers and the medical staff, they have a greater sense of awareness, and they are addressing the issue now. ... There’s been so much research that came out [on] concussions in the last 20 years. ... Every day I think new info is coming out [on] concussions, head trauma, brain injuries and all the things that follow. ... Hopefully this bill will make it better as we go forward.”

House Minority Leader Tom Cross says he hopes his proposal will help alleviate some of the pressure on student athletes. “When you talk about peer pressure, when you talk about kids being macho: ‘You’ve got to go back in.’ ... If someone doesn’t go back in, [teammates and coaches] may not be pressuring that kid to play because they have an understanding of concussions. ... The more that people understand about it and they have an awareness about it, the better, including the other players.”

Jamey Dunn

Better than men



U.S. Rep. Judy Biggert

Women in Congress outperform men, according to a recent University of Chicago study.

Researchers at the university looked at two measures: how successful women in Congress are in bringing home projects; and how often they sponsored bills and signed on co-sponsors, says Christopher Berry, assistant political science professor in the university’s Harris School of Public Policy Studies. “Women work harder; women perform better,” Berry says.

“It really didn’t come as a major surprise to me. I’ve always said women have to work two or three times harder to get the same credit that men get, so we try and overachieve,” says Republican U.S.

Rep. Judy Biggert of Hinsdale. “That’s why we have to work harder to get our message out and really get out there and push it. I think the women that get elected are used to doing that.”

“There are [women] members down there really working,” she says. “I zoom around asking people to sign on and to co-sponsor my bill. My staff is always amazed when I come back and I’ll have gotten 15-20 people to sign on the bill when we’re voting. I don’t see men doing it that much. They don’t get the number of co-sponsors that I do, particularly in that short period of time.”

Illinois’ only other female member of Congress, Democrat Janice Schakowsky of Evanston, could not be reached for comment.

Women are pushed to succeed because they must overcome prejudice, Berry says. He calls it the “Jackie Robinson effect.” Women, like the first black major league baseball player, have to work harder to achieve.

Biggert says she faced prejudice immediately when she began her career as a law student at the University of California. Her male instructor told her that her spot should go to someone more qualified, a man. She later transferred to Northwestern University, where she obtained her degree.

Biggert says that when she mounted her first political campaign in 1998, she ran against five men. She had also faced five opponents in her contest to become a state representative.

“Those were tough campaigns,” she says. “I just think there’s no doubt that women members face a tougher road to office.”

Biggert says she believes mentoring is helping to change that and notes that “a third of all women who’ve ever been elected are currently serving. That’s (91) of the 274 women who’ve ever been elected.”

“There’s still those barriers we have to overcome,” Biggert says.

Maureen Foertsch McKinney

The Illinois Report

A report published by the University of Illinois spells out the challenges facing the state, as well as some options for addressing them.

The Institute of Government and Public Affairs (IGPA) published its fifth *Illinois Report* this year. The study focuses on the state's performance in specific areas, compares Illinois with other states and offers some plans of action for different policy areas. James Paul, assistant director of the IGPA, says the report offers some options to confront issues in Illinois, but the institute does not intend to promote any of the ideas over other plans. He says multiple reports have focused on the same concepts, such as the state's education system, the economy and the state's fiscal crisis. "That's because the issues never go away."

The report offers some optimism about the state's potential for economic rebound, while emphasizing the need for policymakers to plan ahead. "Illinois can recover. The state is one of our nation's wealthiest in terms of per capita income, has a robust transportation network and has dependable sources of energy. Most importantly, Illinois is home to hard-working, resilient people who are willing to commit the hard work and sacrifice that will be needed to turn the state's fortunes around. But a well-planned long-term strategy is necessary to lay the foundation for success," Robert Rich, director of the IGPA, wrote in the report.

The report also describes the scope of Illinois' budget crisis. It says to balance the budget by 2012 by relying only on new revenues from a tax increase would require raising the personal income tax to more than 7 percent and the corporate rate to more than 11 percent. The recent tax increase temporarily raises the rates from 3 percent to 5 percent for personal income tax and from 4.8 percent to 7 percent for the corporate tax. The report also says that balancing the budget with cuts alone would require a 32 percent reduction in state spending.

In addition to an overall look at the state's economy, the study also focused on lower housing prices and the ways the national foreclosure crisis has affected the state. "Policymakers have taken

action, but the crisis continues. And the public's patience for ineffective policies is growing thin. ... Policymakers must be steadfast in their search for solutions because home ownership represents not only an individual good but also the common good. It is in the community, state and national interest to encourage home ownership and to offer carefully targeted programs and strategies to ensure that this symbol of the American Dream remains attainable and sustainable for as many families as possible. The mortgage catastrophe is the worst housing collapse since the Great Depression," Cedric Herring, a sociology professor at the university's Chicago campus, wrote in the report.

With the once-a-decade redrawing of the legislative map looming, the report also compares Illinois' process for drawing legislative districts with methods used in other states. "Legislators typically invest considerable time and effort into building goodwill and favorable

name recognition in their districts through campaigns, newsletters, public appearances, personal favors, pork-barrel projects and professional service. So, like with many other things about elections, legislators generally do not like their district boundaries to change," Christopher Mooney, a professor of political science at the University's Springfield campus, wrote in the report. (For more from Mooney on Illinois' redistricting process versus other states' tactics, see January's *Illinois Issues*, page 26.)

Paul says the institute works to make sure policy "decision makers" are exposed to the report. "We get a copy of each year's *Illinois Report* into the hands of every member of the General Assembly," he says. The report is also mailed to executive officers, agency heads, the state's congressional delegation and civic organizations. To read the *Illinois Report*, go to the IGPA's website at <http://igpa.uillinois.edu>.

Jamey Dunn

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BRIEFLY

Census reveals surge in Latino residents

Hispanics have overtaken blacks as the largest minority group in the state, according to U.S. Census figures released in February.

Illinois' population grew just 3.3 percent, to 12.4 million, in the last decade, while the Hispanic population surged by 32.5 percent. Latinos now compose 15.8 percent of the state's population, while African-Americans are 14.5 percent. (See extensive coverage on the census data in the May edition of *Illinois Issues*.)

"Extraordinary Latino growth is happening throughout the entire state," says University of Illinois Chicago demographer Matthew Hall. That growth occurred in 101 of the state's 102 counties. In Pulaski County, which experienced the decline, the Hispanic population was down by 10 people, notes Hall, who is also a faculty member in the U of I's Institute of Government and Public Affairs, for which he produced a study on the census results.

"I think what's really telling is that the Latino growth in the state, which is close to half a million — 497,000 — exceeds

the state's population growth. So that means without Latino growth, the state would have lost at least 400,000 people," says Sylvia Puente, executive director of the Latino Policy Forum and an *Illinois Issues* advisory board member. "We're responsible for all of the state's population growth, plus some."

The majority of the growth was in births rather than migration, Puente says. Immigration occurred at a greater pace in the suburbs than in Chicago, which means suburbs are increasingly serving as original destinations for immigrants.

The percentage growth in the suburbs, which was in double and triple digits in some of the counties collaring Chicago, is a sign of a growing Latino middle class, she says. "We saw direct migration from Mexico and Latin America into the suburbs. That's a function of where the jobs are, where the economic opportunities are, where the networks are. People go where they have friends and relatives."

Meanwhile, the state's African-American population slipped about 1 percent, but in Chicago, the black population dropped 17.2 percent

"There's been this trend of the movement back toward the South, back toward the Sun Belt, especially for African-Americans, for the past couple of decades," Hall says. "Chicago was probably the prime destination for African-Americans during the Great Migration" (a period from the 1920s through the 1950s when Chicago saw a huge influx of blacks). "There's been this reverse migration since the 1980s. This has been a big regional shift that's been to a large extent because of jobs. The Sun Belt is growing; there are a lot more jobs there. It's a lot more affordable, whereas in Chicago and in Illinois ... the jobs have just dried up. There are not the job opportunities for certain groups, especially African-Americans, that there once were. So we're seeing this big shift back to the South."

The fastest-growing population is American Indians and Alaskan natives, up by 41.8 percent, but that group accounts for less than 1 percent of the state. The Asian population grew by 38.6 percent, accounting for about 5 percent of the state's population.

Maureen Foertsch McKinney

Seniors no longer ride free

Illinois legislators have targeted another program initiated by former Gov. Rod Blagojevich.

Gov. Pat Quinn signed a bill (**SB 3778**) in February scaling back the Seniors Ride Free Program, which allowed all individuals 65 and older to ride for free on Illinois' mass transit systems. The program was initiated in 2008.

Under the new law that takes effect July 1, only low-income seniors enrolled in the Illinois Department on Aging's Circuit Breaker program will ride for free.

Eligibility for the circuit breaker program is based on the number of persons in the household and annual income.

Seniors who do not qualify for free rides will be provided with a 50 percent discount rate, as required by federal law. Nearly 44 percent of seniors currently enrolled in the program will still be able to ride for free, according to the Regional Transportation Authority.

"Given that this program didn't have any means testing, I think there was a general sense that it didn't make sense for the agencies to subsidize a 68-year-old millionaire-lawyer living in Highland Park to go back and forth between that suburb and downtown Chicago," says Rep. Barbara Flynn Currie, a Chicago Democrat and chief sponsor of the House bill that pared the Seniors Ride Free Program.

The cost to the transit carriers (CTA, Metra and Pace) was significant under the free-ride program. A University of Illinois Chicago report had loss figures ranging from \$38 million to \$110 million, says Currie.

"The reality is that none of those agencies is what you call fiscally flush, so that kind of cost was difficult for the agencies to sustain," she says.

Former state Sen. Rickey Hendon, a Chicago Democrat, disagrees with the decision to change the program's eligibility.

"If a rich man feels guilty and wants to pay, then he can still pay," Hendon says.

"Seniors have paid taxes forever. When do they get a break? When does government look out for those who have done more and have done it for the longest period of time than anybody else?"

Fewer seniors will get out and spend money because Seniors Ride Free will be discontinued, he says.

"When we did the free rides, we found that sales tax revenue went up because seniors took that money they had tucked between the mattresses, and they went out and spent it at the restaurants and in the stores, and now some will say, 'I'll just stay home.' It's a lose-lose," Hendon says.

Blagojevich issued a statement in response to the program's changes.

"Pat Quinn has a funny way of showing respect to his elders. On the one hand, he socks it to them with the biggest tax increase in Illinois history, while at the same time, he takes away their free rides," he said.

Kendall Cramer

Chicago's new mayor hit with money woes

Rahm Emanuel will face major challenges — particularly financial ones — when he is inaugurated as Chicago's mayor in May.

The city's budget, now at \$6.15 billion, is estimated to have a \$500 million shortfall next year, according to a report by the Civic Federation of Chicago, a government research organization.

"Basically, we released a report that [says] the next mayor of Chicago faces three major fiscal challenges that are going to immediately require the attention of his ... administration," says Laurence Msall, president of the Civic Federation and a member of *Illinois Issues*' advisory board. "The daunting difficulties include addressing the city's half-a-billion dollar operating budget deficit, the growing level of bond indebtedness and now crisis-plagued employee pension funds."

A major recommendation of that report

is a call to "stabilize the city's critically underfunded pensions by implementing pension reforms, such as increased contributions and reduced benefits."

A spokesman for Emanuel could not be reached for comment, but Emanuel sent out a mass mailing during the campaign saying, "It would be wrong to take away benefits that hard-working city workers have earned."

Msall says the city faces challenges tantamount to those facing state government, which has \$9 billion in outstanding obligations. "The state's financial irregularities and instability contributes to the city's financial challenges, but the city has less revenue options than the state of Illinois, and the city has greater risk of bankruptcy than the state of Illinois, but only because cities are included in the federal bankruptcy code. The size of the city's deficit and the horrendousness of its pen-



Rahm Emanuel

sion funds make challenges the mayor faces every bit as challenging as those the governor and the legislature face in Springfield," Msall says.

Maureen Foertsch McKinney

Report: Ag business harms state environment

Lakes, rivers and streams throughout Illinois may be in danger of pollution left behind by large agricultural businesses, according to a study that found that political interests may have harmed efforts to protect clean water in the state for more than a decade.

Environment America Research and Policy Center, an advocacy group for air and water quality, conducted a study, *Growing Influence: The Political Power of Agribusiness and the Foul of America's Waterways*, that found more than 90 percent of lakes and 50 percent of streams are harmed largely because of waste released by agricultural operations in the state.

The director of the group's Illinois chapter, Max Muller, says that nationally within the past 10 years, companies — Cargill, Tyson Foods, Smithfield Foods, Dean Foods, Monsanto, Land O' Lakes, Con Agra, Archer Daniels Midland and American Crystal Sugar — have given more than \$35 million to candidates in congressional races, and Illinois-based agricultural companies have given more than \$6 million to candidates in state-level races.

Illinois-based companies contributed more than \$360,000 to governor candidates in last year's race. In the same year, 40,000 fish in Illinois' Sangamon River were killed as result of contaminated water from a nearby farm releasing cow manure. "The right of Americans to petition the government and have their voice heard is enshrined in our Constitution. The problem is that some voices are heard much louder in our political process," says Muller. The group says the American Farm Bureau gave more than \$16 million to candidates in congressional races in 2010, and that its affiliate, the Illinois Farm Bureau, spent \$3.3 million on government affairs in 2008.

Lori Laughlin, a spokeswoman for the Illinois Farm Bureau, says the affiliate itself does not make direct contributions to candidates. However, the organization's political action committee, Activator, which accepts contributions from donors, including individual farmers, gave about \$22,500 to congressional campaigns and about \$111,000 to state-level campaigns for advertising services in the last election cycle.

Representatives from agricultural businesses that release potentially harmful nutrients, pesticides and animal waste say maintaining natural resources and educating future farmers on clean water regulations are important issues. "We are not against regulations; there are a lot of regulations that farmers have to abide by," says Laughlin. "What we think is necessary is common sense regulations because with regulations come economic costs and social costs, and those have to be balanced with any environmental benefit."

Mike Martin, director of media relations for Cargill U.S. Animal Protein Business, says the company went above and beyond meeting required regulations when it made a multi-million-dollar addition to a wastewater treatment system at its plant in Beardstown to capture nutrients released from a farm that slaughters about 18,500 hogs a day. Cargill has made similar efforts to address pollution in other states. "We understand the responsibility for the proper stewardship of natural resources, especially when feeding most of the world. That has to be sustainable," Martin says. He says the meat processing company cannot feed large numbers of people through organic farming alone.

Lauren N. Johnson

BRIEFLY

UIUC STUDY

Researchers weigh costs of biofuels

Research scientists at the University of Illinois Urbana-Champaign are examining variables involved in transitioning from fossil fuels to renewable ones. Looking at biomass as one source, a team led by Madhu Khanna, a professor of agricultural and consumer economics, concluded that prices for biomass would have to be high — as much as \$140 a ton — for farmers to have the incentive to switch from food crops to biofuel feedstocks.

“Our economic model presumes landowners would use land for maximum profits and would only switch from a corn-soybean rotation to biomass feedstocks if they could get at least a break-even price,” Khanna says.

The team used county-level data to get a picture of the cost of producing biomass feedstocks, which include crop residue such as corn stover and wheat straw as well as high-energy grasses such as miscanthus and switchgrass.

The study, published in the *American Journal of Agricultural Economics*, is the first attempt to follow up the so-called

Billion Ton Study done by the federal Department of Energy and U.S. Department of Agriculture in 2005. That report found that the nation has more than 1.3 billion dry tons per year of biomass potential from forestland and agricultural land, enough to displace 30 percent of the nation’s gasoline consumption by 2030.

That report led to a policy change. In 2007, the Energy Independence and Security Act mandated the use of 36 billion gallons of ethanol per year by 2022, with corn ethanol limited to 15 billion gallons. Any other ethanol or biodiesel may be used to fulfill the balance of the mandate, but the balance must include 16 billion gallons per year of cellulosic (biomass) ethanol by 2022 and 5 billion gallons per year of biodiesel by 2012.

Khanna says there is a lot of uncertainty in what it will take to produce energy crops, particularly miscanthus, which is the most promising. A 2008 UIUC study showed it yields two and a half times more ethanol than corn. Miscanthus has the added advantage of being able to grow in poorer soils, and the plants remove and store more carbon in their roots, which counters global warming. But miscanthus, which is a sterile hybrid, is not yet grown

commercially in the United States, though Europe has produced it for two decades.

Khanna says most other studies have considered costs in the range of \$40 to \$50 a ton to convert biomass to ethanol. “But if we really want to get to the 30 percent replacement of gasoline, at least with the current technology, then that’s going to be much more costly.”

However, she says their economic model, which included various scenarios and prices, showed that miscanthus has the potential to provide 50 percent to 70 percent of the total biomass yield. Since an air dry ton of biomass contains nearly 2.5 times the energy content of a barrel of oil (14.5 million btu vs. 5.8 million btu), \$50-per-barrel oil could theoretically be competitive with \$125-per-ton biomass, according to Vinod Kholsa, the venture capitalist who was a co-founder of Sun Microsystems and now invests in biofuel production. When the price of a barrel of oil hovers at \$100, biomass production becomes more competitive.

“Under realistically optimistic assumptions using miscanthus and switchgrass,” says Khanna, “we could meet the billion-ton target at \$140 a ton.”

Beverley Scobell

Photograph courtesy of the University of Illinois News Bureau



Madhu Khanna, professor of agriculture and consumer economics at the University of Illinois Urbana-Champaign

Low-income children struggle at school



Low-income children under 8 years old are falling behind in reading achievement and social/emotional well-being, according to a recent study.

Voices for Illinois Children, an advocacy group for children, reported statistics on child welfare in the *Illinois Kids Count 2011* report, which was titled “Great at Eight” because of its focus on the development from a child’s birth to age 8.

Kathy Ryg, president of the group, says, “It’s critical that these students make these early transitions in reading and learning because we also know that reading achievement is a very important predictor of high school graduation rates, future earnings potential and other indicators of success.”

Illinois Kids Count 2011 is part of a nationwide network of state-level programs supported by the Annie E. Casey Foundation. The report on Illinois offers information on several indicators related to the development of a child from birth to 8, including education, economic well-being, health and developmental factors affecting families and communities.

According to the report, 47 percent of low-income Illinois fourth-graders had scores on the 2009 National Assessment of Educational Progress test that were at or above the “basic” level, as compared with 80 percent for other students’ scores.

One of the trends noted in the report is that the recession increased child poverty. In 2009, 45 percent of students enrolled in Illinois’ largest public schools were from families with a household income below the federal poverty level — \$22,350 for a family of four. That’s up from 37 percent a decade ago.

Ryg says children from low-income families are more at risk to experience health problems and developmental

delays, and the state’s fiscal crisis has worsened the situation.

“The proven effective programs that we know work to prepare children for being ready to learn when they go to school [are] at risk because we are unable to pay our bills,” Ryg says invest-

ment in early childhood education would reduce the risks that children may end up in correctional institutions or need to access social and human service programs later in life.

Gloria Davis, superintendent of Decatur Public Schools, says that because of early literacy programs led by a coalition of more than 100 community members, volunteers and day care and preschool providers, children in Decatur are beginning school equipped for the curriculum. “All of the [preschool] stakeholders in the

community have now determined ... that if we work together in a collaborative manner, i.e. the education coalition, then we can have a huge impact on the success of children starting kindergarten.”

Randy Duvendack, sheriff of Morgan County, says after being in law enforcement for 35 years, he has seen firsthand when education fails and when it is successful. “We need to keep kids in school and give them a positive home life. I encourage our legislature by all means to please fund [early learning programs] appropriately.”

In fiscal year 2010, about \$38 million in early childhood block grant funds were cut, and 8,000 kids ages 3 to 5 lost preschool services in FY 2010 and FY 2011, according to Sean Noble, Voices for Illinois Children’s policy director.

The state could spend about \$380 million on early childhood programs this fiscal year. Gov. Pat Quinn for FY 2012 has requested that \$38 million in early childhood block grants be restored.

Lauren N. Johnson



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A tale of three states

Neighboring states weigh in on Illinois' corporate tax increase

by Jon Seidel

When Gov. Pat Quinn signed a law this winter boosting Illinois' corporate income tax rate, he was hardly its only fan. The governors of Indiana and Wisconsin could barely contain their glee.

Indiana Gov. Mitch Daniels compared Illinois to *The Simpsons* on Chicago radio. The mayor of his state's capital invited Illinois businesses to become Hoosiers with a full-page ad in the *Chicago Tribune*. And as Indiana lawmakers considered a two-year budget proposal designed to get rid of a structural deficit of merely \$700 million, their budget director, Adam Horst, pointed to Springfield.

"This is a monstrous jobs-killing bill in terms of what Illinois has just done," Horst says. "It makes our competitive situation even better."

Meanwhile, newly installed Wisconsin Gov. Scott Walker dusted off his state's old "Escape to Wisconsin" slogan, and his lieutenant governor says she started making phone calls to firms in Chicago and Crystal Lake. "Illinois has made some significant missteps," Wisconsin Lt. Gov. Rebecca Kleefisch says.

Daniels and Walker, both Republicans, want to capitalize on an Illinois tax increase they see as a massive policy blunder.

Quinn's staff says Illinois' budget storm will be calmed by the tax hike, and they say businesses can't escape it by simply moving away. But all sides say businesses want to invest in a stable environment, and that's what they'll look for when they

decide whether to continue investing in Illinois.

"If you are a business and you're looking for some certainty in climate, I would argue that that's important," says John Ketzenberger, president of the Indiana Fiscal Policy Institute. "And that's a major difference between the states at this point."

It's tough to make apples-to-apples tax comparisons between states. Credits and exemptions muddy the waters. Local taxes and fees vary. That doesn't stop analysts from trying, but their studies can differ, too.

The law that Quinn signed in January raised Illinois' corporate income tax rate from 4.8 percent to 7 percent. In 2015, it will drop to 5.25 percent, and in 2025, it will return to 4.8. Indiana's corporate income tax rate is 8.5 percent, and Wisconsin's rate for businesses is 7.9 percent.

After Walker began his campaign to poach Prairie State businesses, Illinois Senate President John Cullerton responded by pointing out in a news release that his state's corporate income tax is still lower than Wisconsin's. That's true, but Kleefisch says he left out the 2.5 percent replacement tax added to Illinois' corporate rate, a tax collected by the state for local governments in place of a personal property tax. Kleefisch says that gives Illinois an effective corporate income tax rate of 9.5 percent — higher than Indiana and Wisconsin.

The communications director of the Illinois budget office calls foul here. "If

this number is used, then for comparison purposes with other states, one must include other states' personal property taxes that are levied," Kelly Kraft says.

John Tillman, chief executive officer of the Illinois Policy Institute, says his agency looked at all state and local taxes, including fees, that individuals and businesses pay to live in Illinois or over one of its borders.

"Blend in total tax burden," Tillman says of Illinois, "we're much higher."

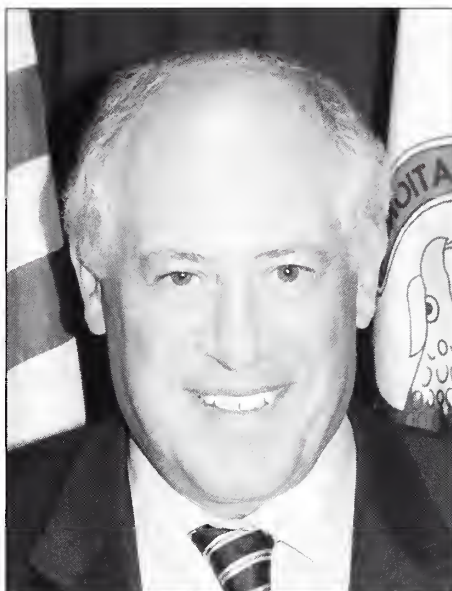
In a report published before the tax increase, the Illinois Policy Institute found the tax burden per capita in Illinois is \$4,346, placing it 14th among all states and the highest among its neighbors.

The Center for Tax and Budget Accountability had a different take. Ralph Martire, its executive director, says his group studied Illinois' state and local tax burden as a percentage of income. He says it ranked 44th in the nation before the income tax increase. Once his organization gets the data needed to study Illinois after the increase, he says he expects it will jump to about 37th or 36th. Martire says other studies that include federal taxes are skewed because Chicago and its suburbs are "loaded with millionaires" who pay a lot in federal taxes, Martire says.

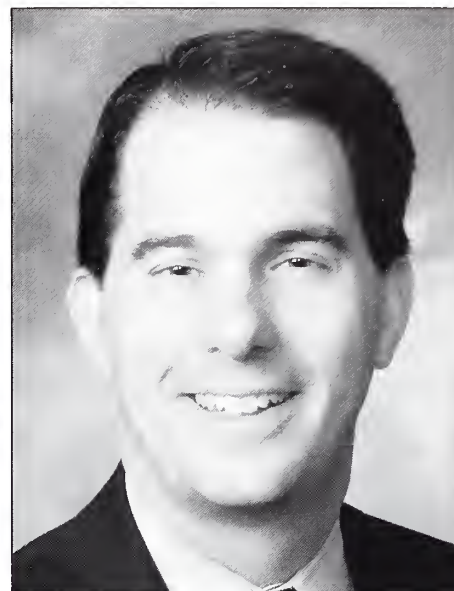
Finally the Tax Foundation, a research group based in Washington, D.C., accused Illinois of enacting the nation's fourth-highest corporate tax rate. It again used the 9.5 percent figure. The Tax Foundation had ranked Illinois 27th nationally (with No. 1 being the lowest) on its 2011 ranking



Indiana Gov. Mitch Daniels



Illinois Gov. Pat Quinn



Wisconsin Gov. Scott Walker

system for states' corporate income taxes. The group says it would have dropped Illinois down to 45th had Illinois' new tax rate been in effect last July.

"The enacted tax increases will severely impact Illinois' attractiveness to business and individuals," the Tax Foundation concluded.

Next door, Indiana's governor gets a lot of attention from fiscal wonks — including some looking for a GOP White House nominee in 2012 — for the way he's managed state spending. At the start of Fiscal Year 2012, Indiana expects to have \$678 million in reserve. That could give peace of mind to businesses worried about Illinois' more than \$6 billion in unpaid bills. "It's less likely [Indiana] will have a tax increase like they did in Illinois," Ketzenberger says. "There won't be a deficit to address. The state of Indiana has a AAA bond rating right now. That's important to people." Daniels' staff promises to use some of its reserve money to float Indiana through the end of fiscal year 2013 and make sure there'll be no tax hike. But by the end of that budget cycle, they hope to grow the reserve fund to \$724 million.

Indiana's legislature also spent time this winter trying to fix Indiana's broken unemployment insurance fund, which owes about \$2 billion to the federal government. That could mean a premium increase for the state's businesses, and Ketzenberger says that "could have an effect on the calculation" when business owners decide where to invest.

Indiana created its general fund surplus by cutting several costs. Daniels decertified Indiana's state employee unions through an executive order issued on his first day in office in January 2005. The state reports that its roster of full-time active employees is down from about 40,000 in 1994 to about 29,000 in 2010. The last time Indiana had so few employees was 1982. The drop began under previous governors, and Daniels continued it.

Kraft provided a 2009 report that says Illinois boasted the nation's lowest rate of employees per capita at the time: 54 employees per 10,000 residents.

Indiana cut K-12 education spending by 3 percent in 2010. About the same time, state spending on higher education took a 6 percent hit. Daniels is asking his General Assembly to hold K-12 spending flat in the next two years. He also suggested taking another 3 percent from universities.

Hoosiers are generally happy with Daniels, though, mostly because of a significant pillar of his tax policy. He persuaded his legislature to pass a set of property tax caps into law in 2008, along with a balancing sales tax increase from 6 percent to 7 percent. The caps took full effect in 2010 and limit Hoosiers' property tax bills to 1 percent of assessed property value for homeowners, 2 percent for landlords and farmers, and 3 percent for businesses.

Those caps are part of Indiana's constitution after a voter referendum, and that makes them harder to change. Some opponents say it could take as many as five

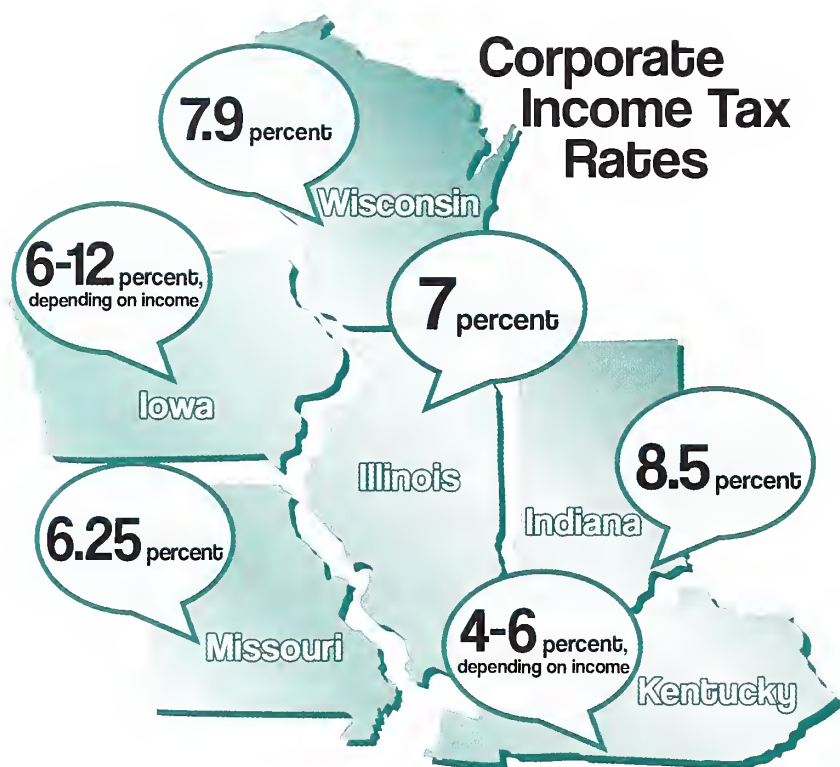
years to alter them. But the caps also cut off revenue for local governments. As a result, the Indiana General Assembly was looking seriously at a bill this year that would, for the first time, authorize Hoosier cities and towns to file for bankruptcy.

Rob Henken, president of the Milwaukee-based Public Policy Forum, says Wisconsin has its own set of property tax caps on local governments and schools. He says they've changed historically based on inflation or increases in construction. "It's been tweaked in every biennium."

Kleefisch says Wisconsin has a \$3 billion budget gap to fill and unlike Indiana, Henken says Wisconsin's reserves are depleted. "Wisconsin is going to close its budget hole not by raising taxes, but by cutting spending," Kleefisch says. By late February, though, a Walker proposal to cut off collective bargaining rights for public employees drew thousands of protesting workers to the Wisconsin Statehouse. The state's Senate Democrats fled to Illinois to stall the measure. Indiana House Democrats also left their state and shut down its legislature in February, but their protest was aimed at myriad labor and education bills that were not so central to state solvency.

Earlier, Walker's press office says he signed a law that will give a tax deduction to small businesses for each job they create. The size of the deduction varies, depending on the size of the business creating the jobs. Illinois has a similar tax credit.

Corporate Income Tax Rates



"Wisconsin is still a high-tax state. Make no bones about it."

***Doug Whitley,
president and CEO,
Illinois Chamber of Commerce***

Also, Henken says, Wisconsin used to state balance its budget by using one-time revenues, shifting money between funds and putting off bills until the turn of the fiscal year. He says those options either aren't available to Wisconsin's new governor, or he's not interested.

Kleefisch says the Walker administration committed to creating 250,000 jobs in four years. As a part of that effort, she's begun reaching out to businesses in Chicago and its suburbs. She wouldn't name names.

"When I make these calls to Illinois job creators, they understand, as I do, that relocating a company is quite a concept," Kleefisch says. "The prospects of doing that are potentially costly. They want to know the true cost of doing business in Wisconsin. I'm able to provide them with the numbers that truly work out to their benefit."

Kleefisch's phone calls mean Walker's "Escape to Wisconsin" comments were more than political theater. The same goes for Daniels. A little more than a month after he made his *Simpsons* comment, new billboards went up in north-west Indiana and Illinois. They were part of the Hoosier state's new marketing campaign: "Illinnoyed By Higher Taxes?"

Indiana Commerce Secretary Mitch Roob says the state's Economic Development Corp. is already getting unsolicited calls from Illinois businesses. They're not necessarily sold on Indiana, he says, but they're ready to look around. "They're just motivated to leave Illinois," Roob says. "At what point in time do you just become sick of it?"

Doug Whitley, president and CEO of the Illinois Chamber of Commerce, says he's ultimately more impressed with the ease being made to his members by Daniels than by Walker. "Wisconsin is still a high-tax state," Whitley says. "Make no bones about it."

But he says Illinois needs to stop sending negative signals to its business community. The income tax increase, he says, is just one example. "It's sort of a death by a thousand cuts," Whitley says.

One Illinois business spoke right up after Quinn signed the income tax increase. Jimmy John Liautaud told reporters he's thinking about moving the Champaign headquarters of his Jimmy John's Gourmet Sandwiches company out of the state.

Though that company was vocal about its displeasure with Illinois, Whitley says few businesses make an announcement when they decide to make an investment outside the state. "They just do it," Whitley says.

Kraft says Illinois' corporate income tax structure was streamlined in the 1990s so corporations only pay taxes on profits earned from Illinois sales. She says the number of employees and the value of facilities in Illinois does not in any way affect businesses' bottom-line tax bill.

"The only way for the company to avoid paying Illinois corporate tax is for the company to cease selling their product to Illinoisans," Kraft says. "Relocating out of Illinois will have no effect on the amount of money paid by a company to the State of Illinois."

Martire says businesses usually include taxes in their pricing structure, anyway. That's one reason, he says, firms prefer predictability. "It allows you to forecast costs," Martire says.

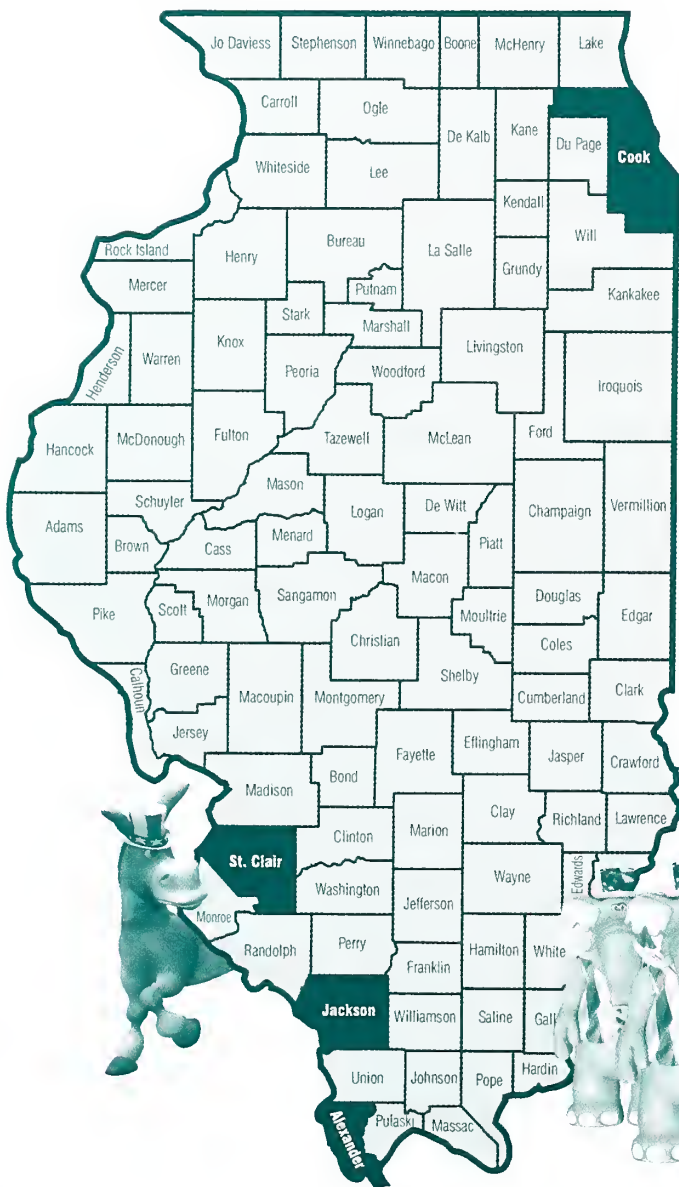
Whitley, meanwhile, says Daniels and Walker might find more long-term benefits if they stopped trying to poach jobs from Illinois. He says they should instead be helping Illinois succeed. "I don't understand why the Midwest governors would want to spend so much time trying to dance on the grave of Illinois when, indeed, the Midwest as a whole has common bonds," Whitley says. "It's a common economy, and we have a lot at stake." □

Jon Seidel covers the Indiana General Assembly for Northwest Indiana's Post-Tribune.

The new South

Whatever happened to the downstate Democrats?

by Kevin McDermott



On the morning of Wednesday, November 3, it was still unclear whether Democrat Pat Quinn had held on to the governor's office in the previous day's election. What was already apparent, though, was that his party had utterly lost its once-encompassing grip on downstate Illinois.

Democrats that day lost one U.S. Senate seat, two state-level constitutional offices and saw their commanding state House and Senate majorities pared back. Most of the bloodletting came in the southern half of the state.

The names of the victims were in some cases more telling than the numbers: State Sen. Deanna Demuzio of Carlinville lost the seat she'd inherited from her late husband, the iconic Sen. Vince Demuzio, effectively ending a 35-year Democratic dynasty south of Springfield. Veteran state Rep. Jay Hoffman of Collinsville — one of the state's best-funded and high-profile legislators, from an area once on par with Chicago in terms of its ingrained Democratic politics — fell to Republican businessman Dwight Kay. State Treasurer Alexi Giannoulias, once viewed as the future of the Illinois Democratic Party, couldn't win President Barack Obama's former U.S. Senate seat, losing it to Republican Mark Kirk despite taking almost 70 percent of the Cook County vote.

The good news for Democrats came days later, when the disputed numbers in the governor's race finally shook out and Quinn was declared the winner over Republican state Sen. Bill Brady of Bloomington. But even that victory contained a glaring warning from the south: Quinn had lost all but three counties

outside of Cook, taking only St. Clair County in the shadow of St. Louis and Jackson and Alexander counties farther south — and barely winning those.

Quinn's campaign strategy was focused heavily on Cook County, but the sheer scope of his downstate loss still was a surprise. Even Quinn's predecessor, Democrat Rod Blagojevich, had managed to take

much of the south and southwest regions of the state four years earlier, despite being a quintessential Chicagoan under a growing shadow of scandal.

Democrats have comforted themselves with the conventional wisdom that in Illinois, as around the nation, the last election was a just plain bad one for their party. State Rep. Tom Holbrook, a Belleville Democrat and chairman of the Illinois Downstate Caucus, attributes the current dearth of downstate Democrats largely to “the worst election we’re going to face in a long time” and to the usual “ebb and flow of political sentiment.”

“You will see the phoenix of the Democrats come back” in the downstate region, Holbrook predicts.

But in fact, there have been indications for years that the southern half of Illinois is fundamentally shifting away from its Democratic roots. To one scholar, it’s a state-level echo of the shift that the southern half of America has already undergone, as the economic appeal of Democrats’ pro-labor policies has been displaced by what the Republicans are selling: God, guns, anti-abortion activism and other cultural issues.

“I think it’s part of a larger trend. It has to do with southern politics nationally. We are catching up with the South,” says John Jackson, a political scientist at Southern Illinois University Carbondale.

In a recent paper, Jackson used electoral data to show that “Illinois clearly suffers from an intense regionalism ... especially polarized along the geographical fault lines dividing the rural and small town areas from the cities and the suburban areas.” The ongoing Republicanization of southern Illinois, he wrote, is one of the starker indications of that fissure.

“They kicked out Deanna Demuzio. You can’t get more establishment-Democrat than that. Where I live, it used to be all Democrats; now it’s represented by [state Rep. Mike] Bost and [state Sen. David] Luechtefeld,” both Republicans, Jackson notes. “I’m an old southerner, and I recognize what I see. It’s changing.”

Evidence of that change can be found by cracking open the *Illinois Blue Book* (the biennial volume that lists all Illinois legislators) from 40 years ago. The 1971 edition lists among the 10 southern-most state Senate districts seven Democrats and three Republicans. Today, that ratio is exactly reversed: seven Republicans and three Democrats.

Two of those southern Democrats, Sen. Bill Haine of Alton and Sen. James Clayborne Jr. of Belleville, are based in the Metro East population center near St. Louis, which still has something of a political bubble around it that makes it less “downstate,” culturally speaking, than the more rural surrounding area.

By that standard, Sen. Gary Forby, a Benton Democrat, stands pretty much alone in southern Illinois.

“I’m pretty conservative. A lot of people think I have part Republican in me,” quips Forby. “The district has gotten a lot more conservative; I don’t know why. But their issues are my issues — I’m pro-life, pro-gun.”

So why be a Democrat at all?

“I’m for the working man,” says Forby.

Jackson says that declaration sums up the line Democrats nationally and in Illinois have walked for a long time with southern, rural constituents — a balance between liberal economic



State Rep. Tom Holbrook

policies and conservative social views. What’s happening now, he says, is that the balance has been thrown off by the diminished power of labor unions downstate, leaving social issues as the dominant ones.

He said the phenomenon has the same general causes in southern Illinois as in the Old Confederacy: The long-time Democratic hold in Dixieland was based largely on the party’s pro-labor positioning, a huge factor when coal mines and industry were ubiquitous in the South. As the Democratic Party became the more socially progressive of the two parties, southern politicians had to walk that line between promoting Democratic positions on labor and fiscal issues, while rejecting their own party’s positions on cultural issues.

That balancing act worked well enough until the near-collapse of coal and manufacturing in the South in recent decades. Suddenly, the half of Democratic politics that southerners liked — the pro-labor half — wasn’t as relevant. At about the same time, the clash over cultural issues was being ginned up more than ever through national media and neo-conservative activism.

“The economic interests that would point people to the Democratic Party are no longer being mobilized by the unions,” says Jackson. “Meanwhile, the [Republican] social issues are being mobilized by Fox News, Rush Limbaugh ... and local churches.”

Taylor Pensoneau covered the legislature for the *St. Louis Post-Dispatch* between 1965 and 1978, a time when southern Illinois was “almost solidly Democratic.” He watched that solidity start breaking up later, while he was president of the Illinois Coal Association and more Republicans were getting elected downstate.

Pensoneau says there was a sense among Democrats even then that the region was changing under their feet, getting more culturally conservative. “A number of Democratic legislators would tell me [that] when they were gone, they didn’t expect Democrats to keep their seats,” Pensoneau recalls. “They were accurate, as it turns out.”

He said the cooperation between the parties downstate back then was almost seamless when it came to supporting the coal industry, the lifeblood of the region. While there was always “irritation” toward Chicago among downstaters, he said, the



State Rep. Dan Reitz

local downstate Democrats didn't usually pay politically for their party affiliation, and some actually viewed it as an advantage. "It was helpful to me [as president of the Coal Association] because these downstate Democrats could deal with the Chicago Democrats."

Today, Pensoneau says, the distrust by downstate voters and lawmakers toward Chicago has a more acidic quality to it, with downstate Democrats "fairly or unfairly" getting blamed for their affiliation with what is considered Chicago's Party. "I think that polarization has actually increased," he said.

That's the sense of Republicans like Luechtefeld, the Okawville state senator. "Democrats in southern Illinois have always been pretty darned conservative ...[but] it just appears to many southern Illinois voters that the Democratic Party is being run by Chicago," says Luechtefeld.

Meanwhile, the shrinking of the coal industry has given the two parties downstate less common ground to stand on, while more aggressive conservative activism nationally has tapped into the right-leaning sentiments that have always been part of southern Illinois' culture. "A lot of southern Illinoisans are philosophically ripe for the Tea Party," says Pensoneau.

Jackson's recent paper, *2010 Elections: Illinois Still Blue Despite the Red Wave that Swept the Nation*, theorizes that realignments such as the ongoing expulsion of the Democratic Party downstate can have negative consequences beyond the party itself. The paper, for SIU's Paul Simon Public Policy Institute, posits that the Democratic Party's traditional role of reaching into both liberal and conservative geographic areas smoothed over some of the sharper lines of our political system as a whole.

"The cross-cutting social and political cleavages of yesteryear contributed to and reinforced more moderation among the partisans and office-holders of both parties," Jackson wrote. "This more recent realignment reinforces the natural divisions in the state and makes the partisan and ideological competition more intense." Ultimately, he wrote, that sharper division "makes it more difficult for the political system to process and settle conflict in ways which seem legitimate to all the players."

Deanna Demuzio, the Carlinville Democrat, lost a Senate seat she'd held since 2004 — and which her late husband, Vince Demuzio, a former state Democratic Party chairman, had held before that since 1975. Their family had been a core of downstate Democratic politics for generations.

Demuzio noted that Democratic losses across the district in November extended down to the county and local levels. She attributes it in part to the conservative wave nationally, but also to stubborn unemployment problems in the region that hurt incumbents generally and Democrats especially.

"Democrats are always associated with the worker, and if they're not working, they're not associating with us," Demuzio says. "Unemployment is very difficult for us. That's a huge message being sent down here."

State Sen. Sam McCann, the Carlinville Republican who defeated Demuzio, agrees that long-term Democratic losses in the region are in part because of economic issues — though he frames them somewhat differently.

"Our fathers' and grandfathers' Democratic Party seems to have abandoned us, the JFKs and the Trumans," says McCann. "The concept [back then] was of Democrats being the working man's party ... but today we have a 67 percent [state] income tax increase" passed entirely by Democrats. That, McCann says, amounts to "penalizing" the very constituents the party claims to represent.

Members of that shrinking club, the Downstate Illinois Democrats, insist they are still labor's best hope, while their social views continue to be in line with their constituents rather than their national party.

"On social issues, we tend to look more like Republicans," admits Rep. Dan Reitz, a Steeleville Democrat and a former coal miner who perennially champions both pro-labor and pro-gun legislation. Standing on the House floor recently, Reitz gestured to the Republican half of the chamber and declared: "I'm more conservative than a lot of the people on that side of the aisle. I reflect the views and beliefs of my area." □

Kevin McDermott is Springfield bureau chief for the St. Louis Post-Dispatch.



A taxing question

A controversial new law attempts to force collection of taxes on Internet sales

by Jamey Dunn

One Illinois business intends to leave the state before a new plan to collect taxes on Internet sales takes effect in July. "I don't have a choice," says Tim Storm, chief executive officer of FatWallet, an Internet marketing company. "It's a situation where I can't take a hit on 40 percent of our revenue and continue to operate in the state of Illinois."

FatWallet is a virtual sidewalk sale. The website recommends deals at other sites all over the Web. The company then earns a commission for referring paying customers to those retailers. A bill the General Assembly recently passed and Gov. Pat Quinn signed would base the collection of taxes on some Internet sales upon the marketing relationship that companies such as FatWallet and Chicago-based Coupon Cabin have with large Internet retailers like Amazon.com. Since the bill became law, Amazon.com and Overstock.com have announced they will cut ties to Illinois marketers such as Storm's company.

Rep. Dave Winters, a Shirland Republican, says FatWallet, which is in his district, could easily move to Wisconsin, where lawmakers have not attempted to get online sellers to collect the tax. "We are so close; he's like three miles from Wisconsin," Winters says Storm's 50 or

so employees could commute, but the village of Rockton and the state would lose out on tax revenues and community investments from the business.

Shopping on the Internet is no longer just for the tech savvy. In recent years stronger security measures, user-friendly websites and incentives such as free shipping have drawn everyone from teenagers to grandparents to shop online. The U.S. Commerce Department reported that online sales totaled \$165 billion in 2010. Some retailers such as Amazon and the iTunes Store only exist, as far as customers are concerned, on the Web.

E-commerce has exploded in recent years, and sales tax collection has failed to keep up with new technology as cash-strapped municipal and state governments miss out on millions in revenues. The National Conference of State Legislatures estimated that \$8.6 billion in taxes from goods sold on the Internet, as well as from catalogs, went uncollected last year. As states push for Internet retailers to pay the same sales tax as brick and mortar stores within their borders, the issue of what is fair when it comes to tax collection in the digital age is being debated in Illinois and nationwide.

Online retailers are only required to collect sales tax if they have a physical

presence in the state. For example, Walmart collects Illinois taxes on its online sales because it has stores in the state.

Illinoisans who make purchases from companies that do not collect still owe tax equal to the state's 6.25 sales tax. However, many people are not aware of the requirement or simply ignore it. According to the Illinois Department of Revenue, about 5,000 to 6,000 residents voluntarily pay the tax each year, which brings in \$5 million to \$6 million in revenue annually. The department estimates that if all who owed the tax sent their checks to the state, it would total about \$153 million annually. In an effort to bring in more of that lost revenue, the state included a box in red type on this year's income tax forms to remind people to pay.

The question of whether states can require out-of-state businesses to collect taxes on sales has been around since the rise of mail order and catalog sales. In a 1992 ruling, the U.S. Supreme Court said that making businesses outside a state's jurisdiction collect the tax, which can vary greatly from state to state, was too large a burden for states to impose. However, the ruling left the door open for Congress to present a national solution: "The underlying issue is not



only one that Congress may be better qualified to resolve, but also one that Congress has the ultimate power to resolve. No matter how we evaluate the burdens that use taxes impose on interstate commerce, Congress remains free to disagree with our conclusions. ... Accordingly, Congress is now free to decide whether, when, and to what extent the States may burden interstate mail order concerns with a duty to collect use taxes."

Some states, impatient with the progression of a national effort, are looking for ways to collect taxes on Internet retailers by focusing on links they have within the state's borders. Illinois' law will allow the state to require online retailers that do not have a physical location in the state but have marketing partnerships with Illinois businesses to collect tax on their sales. "It's a growing concern as more and more people shop and spend online," says Senate President John Cullerton, a sponsor of the bill.

New York, North Carolina and Rhode Island have all adopted similar legislation to varying degrees of success. According to Stateline.org, about 15 states across the country are considering some way to make retailers collect the tax. Neal Osten, director of the Washing-

ton office of the National Conference of State Legislatures, says large retailers such as Amazon and Overstock have ended relationships with sites like Fat-Wallet in all the states except New York that are currently trying to collect the sales tax. He says the businesses maintained their marketing relationships in New York to file a lawsuit against the state. A New York judge tossed out Amazon's and Overstock's suits in January 2009, stating in her opinion that referrals from in-state Web companies that resulted in more than \$10,000 in sales from New York residents is a large enough connection for the state to require the companies to collect sales tax. New York estimates the state brought in \$70 million under the law last fiscal year.

Arizona lawmakers passed a law requiring Amazon to notify its customers of the tax they owe as well as telling the state which residents owe the tax. Amazon cut off its relationships with Web marketers in the state. A judge put a hold on the law in January, and some Republican lawmakers in the state are calling for its repeal.

North Carolina got into a legal fight with Amazon and some of its customers after it tried to get the company to give up records so the state could prove that

Amazon owed taxes from the time the North Carolina passed its law until the time Amazon cut its ties with in-state entities. Amazon and the customers said the state's request was an invasion of privacy. The state settled in February and agreed to pay \$99,000 in legal fees but has reserved the right to continue to pursue collection of sales taxes from Amazon and its North Carolina customers.

Executive officers in Texas cannot agree whether Amazon has a responsibility to collect the tax. Texas Comptroller Susan Combs sent the company a bill for \$269 million in sales taxes she says the company should have collected because it has warehousing operations in the state. However, Texas Gov. Rick Perry disagrees with fellow Republican Combs because he says Amazon does not actually make sales at its warehouses. Amazon announced it plans to close its distribution center in Irving, Texas, on April 12 and canceled plans to expand operations in the state.

The threat of lost jobs is a big stick for those opposed to efforts to make Web retailers collect the tax. Republicans in Congress have introduced a resolution in opposition to any potential changes on the federal level. "The most effective thing we can do to help our economy



recover is to remove the roadblocks standing in the way of our nation's job creators. At a time when we are trying to foster a sustained economic recovery, it doesn't make sense to saddle entrepreneurs with tax requirements that stifle growth," U.S. Rep. Dan Lungren, a California Republican, said in a written statement.

However, proponents say big retailers' ability to duck the issue by moving their business out of states trying to collect sales tax gives them an unfair advantage over local businesses that have to collect it. If buyers do not voluntarily pay the tax, in essence, they receive a discount on purchases from out-of-state Internet retailers.

"It's not good for state government; it's not good for local government; it's not good for brick and mortar retailers. ... Maybe it's time that people stood up to the bullies like Amazon and say we're not going to take it anymore," says David Vite, president of the Illinois Retail Merchants Association. Vite, a proponent of the Illinois law, says that the decline of local book, music, hardware and other stores is evidence that online sellers do not need any help being competitive. He says while the state could use the revenues, the issue is really about treating all businesses equally. He says states are not trying to impose a new tax but simply trying to get retailers to collect a tax that is already owed. "This is a fairness issue. It's a parity issue."

Attempts to address the issue on the federal level have been more than a decade in the making. "It's hard to get one level of government to take a step on tax revenue when the revenue is not for

that level of government," says Stacy Mitchell, a senior researcher for the New Rules Project, an organization that advocates for local communities.

The Streamlined Sales Tax Governing Board has been working with the NCSL to urge states to simplify their tax codes so collecting the sales tax across multiple jurisdictions would be easier for online retailers. Scott Peterson, executive director of the board, says that states do not have to change their codes for Congress to pass legislation, but the hope is that an effort from the states would compel action on the federal level. So far, 24 states representing about 115 million Americans have signed on to bring their tax codes in line with the group's so-called Streamlined Sales Tax Agreement. Peterson says many retailers, including Amazon, are cooperating with the group's work. "Amazon.com has been working with us. ... What they've always said [was] they will collect when everybody has got to collect."

Osten says while bills like the one in Illinois draw attention to the issue, they are not a solution. "The goal should be passing streamlined sales tax. In the end, that is the only thing that is going to work."

Former Illinois Republican state Sen. Steve Rauschenberger says one of the biggest challenges is deciding how to classify products. Something such as a candy bar might be considered food and taxed accordingly in one state, while it is categorized as candy and taxed that way in another state. If the item in question is considered food in Illinois, it would be exempt from a sales tax. He says that before technology made selling across

state lines such big business, states would write tax codes unique to their own needs and quirks. "States grew up and were able to do these individual things when people were born, lived ... and died within 50 miles, and every transaction took place across a counter."

But efforts to bring Illinois in line with the agreement fell flat because it would mean an almost \$120 million revenue hit for the city of Chicago, according to Republican Sen. Pamela Althoff, who has been working on the issue with Cullerton. The city currently collects all the sales tax for the lease of a vehicle upfront instead of over the life of the contract, and streamlining would put an end to the practice. Althoff says the state would have to demonstrate other revenue options to Chicago. She says one option might be to show the city how much money it could bring in through the collection of sales taxes on Internet purchases. The fact that Illinois has a tax code that is, according to Peterson, "rather antiquated and a little bit cumbersome" when compared with other states, especially the states that have complied with the agreement, has also complicated things.

Many working on the streamlining project say if Congress would pass a bill allowing states to force collection of the tax on the condition that they sign on to the agreement, the movement would gain steam instantly.

"I would think that within a matter of probably one [legislative] session and most states would fall in place," Osten says. In past incarnations of the bill, states have been required to meet the agreement to force retailers to collect the tax. U.S. Sen. Dick Durbin plans to introduce a version of the bill this year, but a spokeswoman for Durbin says she could not comment on the bill's content because as of press time, it had not been introduced.

Peterson says the move would be a relatively easy way for Congress to help states get more revenue without having to pass something unpopular, such as a second stimulus package. "Our message to Congress is: 'You're not going to give us any more money, and you are very likely not going to eliminate any of the mandates you put on us. ... Give us the authority to collect our own sales tax.'"



Big payouts

Casinos in Illinois have been lucrative for state
(and local governments, but at what cost?

by Adriana Colindres

Twenty years after Illinois legalized riverboat casinos, a key question still lingers: Did the casino communities hit the jackpot? The query has taken on an added urgency amid heightened efforts to expand casino gaming into a larger number of towns.

The 1990 law authorized up to 10 riverboat casino licenses, to be issued by the Illinois Gaming Board, which could “give favorable consideration to economically depressed areas of the State.”

Despite revenue declines in the past few years, the casinos have generated considerable cash for state and local governments, which get a cut of the gambling money. The amount varies from one community to another because it’s based on the number of patrons and how much money each casino takes in.

The cumulative totals are impressive. Between 1991 and 2010, the state collected more than \$7 billion, while local governments in the casino communities collected more than \$1.6 billion, according to the Illinois Gaming Board’s most recent annual report.

“You’re talking, over a 20-year period, about a ton of money,” says Tom Swoik, executive director of the Illinois Casino Gaming Association, an industry group. “We believe the casino industry has been a very successful,

very stable funding source for the state of Illinois.”

Swoik says the casinos are economic boons to their host communities, not just because they share money with local governments but also because they try to buy from local merchants as much as possible. The beneficiaries include flower shops, limousine companies and uniform stores, he says.

But having a casino in town often takes its toll in other ways, according to Anita Bedell, a gambling opponent and executive director of Illinois Church Action on Alcohol & Addiction Problems. For example, she says, certain types of crimes happen more frequently, compulsive gamblers create domestic and financial turmoil in their households and governments rely too heavily on the infusion of money from casinos.

She points to two studies by economics professor Earl Grinols and other economists that looked at crime and gambling across the country. A 1999 study by Grinols, then with the University of Illinois, and fellow researchers determined the crime rate in counties with casinos averaged about 8 percent higher than the crime rate in counties without them. The study also con-

cluded that it takes a few years to recognize how a casino affects crime. A 2006 study by Grinols, now at Baylor University, and University of Georgia economist David Mustard examined crime data from 1977 to 1996. They concluded that by the time a casino was in its fifth year of operation, violent crimes had increased by more than 12 percent, and property crimes had gone up by more than 8 percent.

Swoik says, however, that his own analysis several years ago revealed that crime rates dropped in nearly all of the casino communities. Furthermore, he says, the communities have spent their share of gambling money on a variety of public improvements, including new sporting facilities, police cars and fire trucks.

But Bedell remains steadfast, saying, “When you see how gambling destroys families and destroys communities, it’s not all fun and games.”



While the casino business has funneled large amounts of cash to state and local governments, critics say the money doesn't offset the dark side of gambling: crime and addiction.

"If you talk to the local officials, they'll probably give you a glowing account," Bedell adds. She believes that casinos turn their host communities into "company towns," where no one wants to speak out against a major employer.

In East Peoria, home of the Par-A-Dice Casino, past and present city officials say they're pleased with the casino's impact on the community.

"Having riverboat gaming in East Peoria has been very advantageous to the city," says East Peoria City Manager Tom Brimberry. "Quality-of-life enhancements have been funded through the city's receipt of gaming dollars."

East Peoria, which splits its share of the casino money with neighboring Peoria, has used the funds to buy police cars, garbage trucks and fire engines. Gaming dollars also paid for construction of Eastside Centre, an athletic facility that houses a water park and hosts numerous sports tournaments.

In addition, the presence of the Par-A-Dice on the East Peoria riverfront triggered a series of private investments, such as the construction of two new hotels, condominiums, restaurants and convenience stores.

Much of the credit should go to the 19 local businessmen who were the Par-A-Dice's initial investors, says

former East Peoria Mayor Charles Dobbelaire. He served on the City Council when the casino opened.

"It was such an unknown factor at that time what it would do," Dobbelaire says.

The story is a little different in Metropolis, a casino town at the southern tip of Illinois that hasn't seen many spinoff developments, says Mayor Billy McDaniel.

About the time the gambling facility debuted, some area residents opened new restaurants and other businesses, believing they would attract large numbers of customers headed to or from the casino. For the most part, those businesses didn't succeed, McDaniel says. Casino customers tend to stick close to the slot machines and gaming tables, and they usually don't venture through the rest of Metropolis.

"They come in and leave," McDaniel says. "We're trying to generate enough things to keep the people in town longer."

Still, Metropolis' share of casino revenues has enabled the city to complete several public works improvements without needing to sell bonds for the projects. Those include a new fire station, a police station and a water filtration plant. The local public library also underwent renovations.

"I'm not saying we wouldn't have done [the projects]," McDaniel says. "I'm just saying we paid cash for them."

Metropolis leaders also decided to spend part of the city's casino money for subsidies that paid for a chunk of local residents' water and sewer bills. The subsidies spared the residents from rate hikes — until the national economy began to founder.

"We clicked along pretty good here until about 2007," McDaniel says. Metropolis' share of casino revenues plunged by \$2.5 million between 2007 and 2008, and residents saw their water and sewer bills rise.

All of the Illinois casinos experienced revenue decreases during the same time span, resulting in about \$240 million less for state government

and about \$22 million less for local governments. The Illinois Gaming Board attributed the drop to two factors: a newly implemented law that banned smoking in indoor public facilities, including the casinos, and the downturn in the state and national economies.

While the casino business has funneled large amounts of cash to state and local governments, critics say the money doesn't offset the dark side of gambling: crime and addiction.

"I have a hard time balancing quality of life with economic development," says Tazewell County State's Attorney Stewart Umholtz, who prosecutes crimes in the Par-A-Dice's home county. "I haven't been able to see what benefit they're talking about."

Umholtz estimates that since the East Peoria casino opened, he has handled more than a dozen public corruption cases involving government officials who pilfered money to feed gambling habits.

In those cases, the accused person "probably would not have committed a crime had it not been for the convenience of a casino in developing an addiction to gambling," he says. "When you look at their backgrounds, it would be surprising to predict that kind of behavior."

Perhaps the best-known episode involved then-Pekin Mayor Lyn Howard, who was convicted of official misconduct in 2005 for using a city credit card to get about \$1,400 — which he later repaid — for gambling at the Par-A-Dice.

Other gambling-related crimes, such as forgeries, thefts and drug offenses, have received less attention, Umholtz says.

McDaniel says local crime has gone up "a little bit" in Metropolis since the casino opened.

"But it hasn't led to an influx of prostitution or drunks lying in the street," he says. "There is more crime because you've got more people. I'm not blaming it on the casino. If [someone] built a mall, there'd probably be the same thing."

Illinois' casino business has changed over the years. The riverboats once cruised the waterways on specific schedules that limited the amount of time customers could gamble, but customers now may come and go as they please nearly 24 hours a day. Paddle-wheel-style gambling boats gradually gave way to sleeker-looking vessels and, after the legalization of dockside gambling in 2000, often were replaced by waterside structures that more closely resemble land-based casinos.

Just two of the operations — in East St. Louis and Rock Island — still retain local ownership. The others now are owned by companies that specialize in the gambling business, such as Penn National, Harrah's and Boyd Gaming.

More changes could be on the horizon. For years, some state lawmakers have pushed to expand the casino business in Illinois, and renewed efforts are expected during the spring 2011 legislative session.

A key supporter of expansion, Democratic Sen. Terry Link of Waukegan, says the casinos have boosted Aurora, Elgin, Joliet and other communities that were dealt setbacks when factories started shutting their doors for good.

"When the smokestacks left, a lot of the people left, and the hustle and bustle left," Link says.

Riverboat casinos brought back some pizzazz, creating jobs and generating tax dollars to help jumpstart local economies, Link says, adding that other struggling communities deserve the same opportunity.

During the recently concluded two-year session of the 96th Illinois General Assembly, Link was the chief Senate sponsor of **Senate Bill 737**, which would have authorized five new casinos and allowed slot machines at horseracing tracks. The legislation would have paved the way for casinos to open in Park City, near Waukegan; Rockford; Danville; one of Chicago's south suburbs; and Chicago.

The Illinois Senate approved the bill in December 2010, but it stalled in the House of Representatives. Link plans to reintroduce a similar plan, which he

says could generate \$1 billion in new revenues each year.

Rep. David Leitch, a Peoria Republican who opposed the 1990 legislation to legalize riverboat casinos, has grown accustomed to seeing such proposals in the General Assembly.

"I think gambling's here to stay," he says. "But at the same time, I think we're fast approaching the saturation point."

Link disagrees, saying there's plenty of room for growth.

As far as Metropolis' mayor is concerned, the bottom line is this: Illinois' casino industry is much like any other business, with peaks and valleys.

"I'm not a gambler. I don't advocate gambling," McDaniel says. "I can see the good. I can see the bad." □

Adriana Colindres is a writer for Knox College.

Riverboat casinos in Illinois

In 1990, Illinois legalized riverboat gambling and authorized the Illinois Gaming Board to issue as many as 10 casino licenses. Below is a list of the existing casinos, their home waterways and the dates they opened for business.

Argosy Casino Alton, Alton. On the Mississippi River. Operations began September 11, 1991.

Par-A-Dice Casino, East Peoria. On the Illinois River. Operations began November 20, 1991.

Jumer's Casino & Hotel, Rock Island. On the Mississippi River. Operations began March 11, 1992.

Empress Casino, Joliet. On the Des Plaines River. Operations began June 17, 1992.

Harrah's Metropolis Casino, Metropolis. On the Ohio River. Operations began February 23, 1993.

Harrah's Joliet Casino, Joliet. On the Des Plaines River. Operations began May 4, 1993.

Hollywood Casino, Aurora. On the Fox River. Operations began June 17, 1993.

Casino Queen, East St. Louis. On the Mississippi River. Operations began June 23, 1993.

Grand Victoria Casino, Elgin. On the Fox River. Operations began October 6, 1994.

A new casino is expected to open later this year in Des Plaines, a Chicago suburb, under the ownership of Midwest Gaming and Entertainment Limited. Midwest Gaming was awarded the so-called 10th license, which originally belonged to a now-shuttered casino in Jo Daviess County and later was caught up in a court battle over whether the casino could move to Rosemont.

SOURCE: *Illinois Gaming Board*



Bullying

Schools try new ways to deal with an old problem

by Lauren N. Johnson



“Before I knew it, there were 15 to 20 kids saying, ‘Oh, that’s disgusting, unnatural, gross,’” says Anna Rangos, a 17-year-old senior at Maine South High School in Park Ridge, one Friday afternoon after she wrote a controversial article about transgender youth for the school’s newspaper. On the verge of tears, Rangos stood up from her desk and left the classroom after her teacher failed to stop the students’ relentless taunting.

Rangos says the harassment began in seventh and eighth grades and only grew worse during her freshman year at Maine South when she sat next to a student who often made negative comments about the lesbian, gay, bisexual, transgender and questioning (LGBTQ) community and the once prevalent HIV/AIDS epidemic. “He would just out of nowhere say, ‘You have HIV/AIDS; you’re a sinner; you’re going to go to Hell,’” Rangos says.

Efforts to combat bullying that occurs in schools — and more recent attempts to address it outside of schools, as well — are constantly challenged to keep pace with the increased use of technology by teenagers, experts say. According to the definition from StopBullying.gov, a website operated by the U.S. Department of Health and Human Services, bullying can range from physically pushing and hitting a student to cyberbullying, meaning harassment through electronic means, such as text messaging or online social networks. In August 2010, Arne Duncan, secretary of the U.S. Department of Education and former

CEO of Chicago Public Schools, held a first-of-its-kind bullying summit in Washington, D.C., to spread awareness of the issue and bring experts from the social services and education fields together to brainstorm ideas to keep students safe.

"Bullying is part of that continuum of school safety. It is troubling in and of itself. But bullying is doubly dangerous because if left unattended, it can rapidly escalate into even more serious violence and abuse. Just as you have gateway drugs, bullying is gateway behavior," Duncan said, according to a transcript of the summit.

In March, Duncan announced that the department intends to create a bullying technical assistance center to provide federal resources to schools for training and prevention tactics.

The anonymity and worldwide nature of cyberbullying has allowed bullying to go beyond the school week and occur continuously and in some cases indefinitely, as photos and comments posted online can remain on the Web for years. Most people can remember a time when they were in school and bullies subjected children to mean-spirited notes and name-calling. However, in recent years, taunting has evolved. Rumors or potentially hurtful statements that used to take days to spread across a school can now be spread through mass e-mail or text message or fan out across a social networking site such as Facebook in a matter of minutes.

Jason Leahy, executive director of the Illinois Principals Association, an organization that helps set guidelines for school districts, says: "[Bullying] is not a new issue. It's just been getting additional attention because technology has perpetuated it." Leahy says bullying has gone beyond name-calling because kids spend so much time interacting online. "Kids are carrying their social lives with them these days in their purses and pockets, so it can be difficult for them to get away. ... Because of that, we've seen a heightened need to deal with the situation head on."

In 2009, a national survey sponsored by the Office of Juvenile Justice and Delinquency Prevention of the U.S. Department of Justice found that of more than 4,500 children surveyed, 13

percent between the ages of 10 and 17 had been physically bullied within the past year, and 22 percent said they had been bullied throughout their lifetimes. According to Duncan, in 2007, nearly 8.2 million middle school and high school students were at risk of being bullied during the school year, and more than 900,000 high school students reported being cyberbullied.

During her junior year at Maine South, Rangos decided she wouldn't go to school for two weeks, she says, after the administration at her school failed to fully address her experiences with bullying or to educate her fellow classmates. "I couldn't deal with [bullying] emotionally, so I just stopped going to school because I didn't feel safe, and I didn't feel that the administration was doing anything to help or educate anyone about these issues," Rangos says.

However, Lou Thetard, a dean of students at Maine South, says administrators regularly address bullying and harassment of all types. "We have a very good track record of dealing with it immediately and responding to all parties involved." Thetard says students have to be willing to seek help from the administration. He adds, "If we are not aware of a situation, then we can't address it, but once we are, then we act."

Rangos, who is now helping the district revise its bullying policy, says she took up the issue with her dean of students and the school's principal and board of administration.

After an increase of incidents such as Rangos' involving harassment to students in Illinois high schools, as well as instances of school violence, such as the 2008 shootings at Northern Illinois University, and national news stories of students committing suicide after experiencing anti-gay harassment, legislators decided that Illinois should try to tighten laws on bullying.

State Sen. Kimberly Lightford, a Maywood Democrat, proposed **Senate Bill 3266**, which defined bullying and prohibited all forms in schools but did not detail specific guidelines for school districts. The law went into effect in June 2010.

The District of Columbia, Hawaii, Michigan, Montana, North Dakota and South Dakota are the only states that

"[Bullying] is not a new issue. It's just been getting additional attention because technology has perpetuated it."

Jason Leahy,

Illinois Principals Association

currently have no laws addressing bullying, according to the U.S. Department of Justice.

Part of \$146.6 million Illinois received from the U.S. Department of Education in fiscal year 2011 was directed toward students' morale and school safety.

Lightford says schools need a uniform first step to take once a student comes forward about being bullied. "You hear so many kids say, 'Well, I told my teacher; well, I told the student officer,' and they will say that they've notified someone and nothing's happened. So I feel there has to be some form of bullying policy at the school on how to address notifications when a child says they've been bullied." Lightford's legislation also created a school bullying prevention task force, comprising students, school administrators and advocates from various state agencies, to compile a report on preventive programs to help eliminate bullying in school districts throughout the state.

Proponents of bullying prevention agree that increased supervision of students and open communication between kids and school personnel is essential to stopping school violence. "Our bullying policy is no bullying," says Mike Penicook, principal of J.W. Eater Junior High School in the Rantoul City Schools District 137. Also a member of the task force, Penicook says in his school, bullying is addressed case by case. In reports of school violence, he looks for signs of ongoing patterns, for incidents between friends and the location of incidents because he says issues outside school are often brought to school.

Penicook says, “We haven’t had that many incidents of students being ganged up on over the Internet, but the first thing we do is try to catch them in the act because then there is no question of their behavior, and we can use whatever discipline we have for that behavior.” After the 1999 Columbine High School shootings in Littleton, Colo., Lightford says most schools adopted zero-tolerance policies for some behaviors construed as potentially violent, which meant automatic suspension eventually leading to permanent expulsion, depending on the student’s behavior.

The Illinois Safe Schools Alliance, a nonprofit organization that helps LGBTQ youth who are bullied in the state, worked alongside Lightford and other advocates to address ways the state could provide resources to address bullying, as well as to step up prevention and education efforts. Shannon Sullivan, executive director of the group, says, “I think that schools need to get away from thinking this is just about students who may identify as LGBTQ and realize that this is impacting a wide range of their student population.”

Ryan Erickson of the Chicago-based Center on Halsted compared Illinois’ approach to bullying to a similar tack taken by Massachusetts, which requires schools to develop individual policies and seek anti-bullying resources from that state’s department of education. That approach allows autonomy for schools to address unique situations, but it also creates the potential for gaps in individual schools’ policies. Rangos says the Maine Township High School District’s policy prohibits harassment of teachers and students. Her school’s policy also says students cannot make fun of anyone based on their race, religion or sexual orientation. However, she says, there is no clear definition of bullying or guidelines to stop it. “Cyberbullying is not included, and it has become more prevalent,” she says.

In recent years, the office of Illinois Attorney General Lisa Madigan has provided Internet safety — and cyberbullying prevention — training to at least 164,000 parents, teachers and students in the state, according to Robyn Ziegler, spokeswoman for the office. She says the office believes education is key when addressing cyberbullying.

Brian Schwartz, associate director and general counsel of the state principals’ association, says his organization recommends two types of policies to all schools: one that identifies students who are becoming bullies and sets up an intervention; and one for students who are bullied.

Rangos says proposals from the task force — in areas of youth training, professional development, legal ramifications and compiling data on bullying — have helped her and will also help educators throughout the state. “I think that it’s interesting to see how prevalent it is, looking at the statistics in the state of Illinois. Yet there hasn’t been, unfortunately, as much work that needs to be done,” she says.

Darren Reisberg, deputy superintendent and general counsel of the Illinois State Board of Education and chair of the state’s anti-bullying task force, says, “The major goal of the task force is to offer school districts and parents resources and knowledge of the best practices to prevent [school-based] bullying.”

Dorothy Espelage, educational psychologist at the University of Illinois Urbana-Champaign, says schools should consider incorporating bullying prevention tactics into professional development training, which is mandatory for teacher certification. “The big story is that we can have as much legislation as possible, but if there is no funding for schools that are already strapped for funding, where are they going to get the money?” says Espelage.

In addition to training, Barbara Shaw, executive director of the Illinois Violence Prevention Authority, suggests possible funding for a bullying prevention grant program that would provide K-12 schools with up to \$15,000 in three-year initiatives for school-based bullying prevention programs. Lightford



Anna Rangos, a senior at Maine South High School in Park Ridge, experienced bullying and now works with her school district to amend its bullying policy.

says the state’s delayed payments to schools and the current fiscal crisis make it difficult to provide funding for a number of state-supported services. “At this stage, I think it’s too soon to make a call on whether or not funding will go in the area of education to support any of these initiatives.” She says funding conversations usually take place in late April or early May.

Inspired by her work on the state task force, Rangos now works with the Maine Township High School District to amend what she calls its “out-of-date” policy. “Within my district, I would love to see a detailed definition of bullying,” she says. If local school districts had dealt with bullying initially and teachers had been more aware of classroom tactics against bullying in plain sight, she says, it could have prevented her from being tormented throughout her high school career. Rangos says tackling bullying consistently and changing attitudes must begin with the top administrators of school districts and then trickle down to teachers and students.

“I think you have to work your way to the students, and that could very well take time, but that’s what I’m hoping to see happen.” □

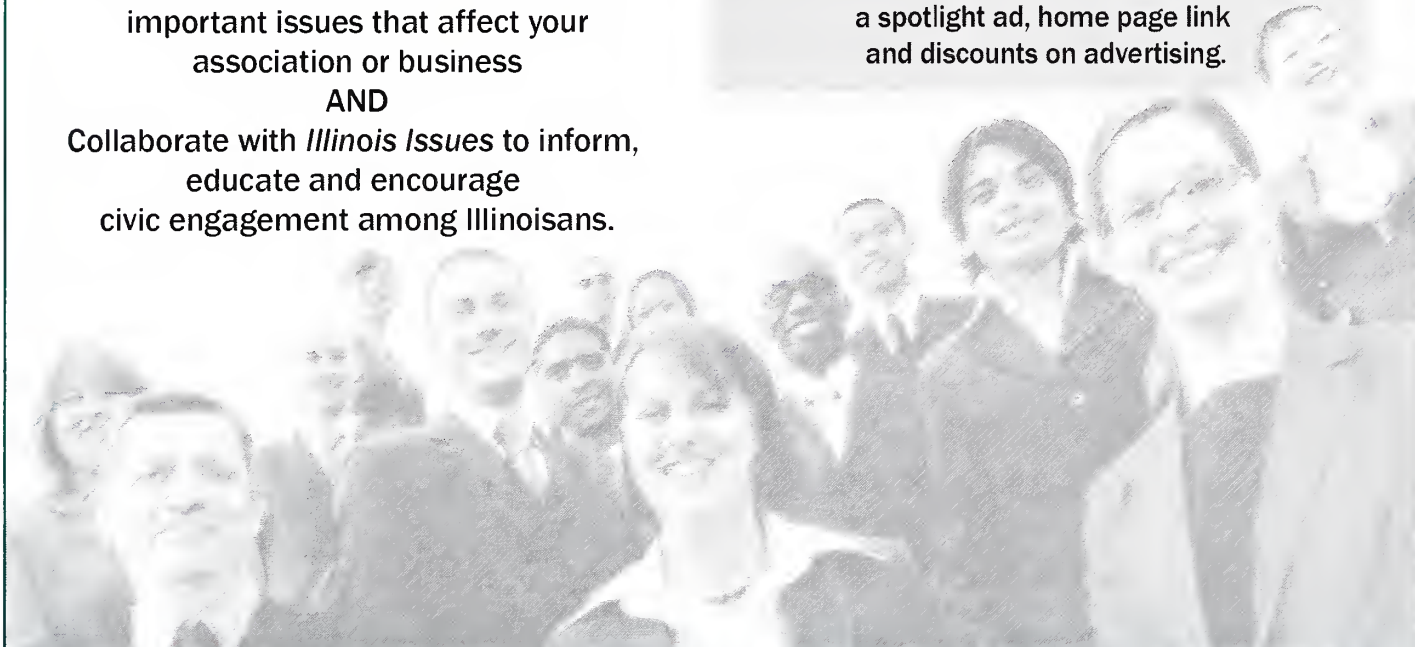
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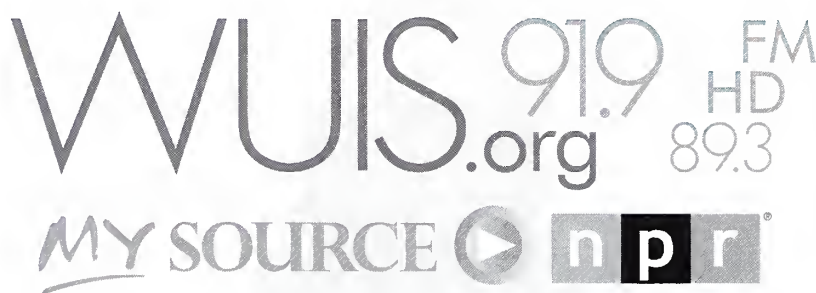
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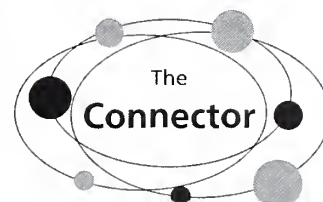
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Hendon resigns

Rickey Hendon, a longtime state senator from Chicago, stepped down unexpectedly in late February. "Today is a wonderful day, and as much as I have enjoyed working with you and all of my fellow senators, I have decided to call it a day and retire from this wonderful institution. ... I appreciate my constituents and supporters, and I pray that they will accept my decision and allow me to move on with my life. I thank them and you, Mister President, and I wish you God's grace," Hendon, an assistant majority leader, wrote in his resignation letter to Senate President John Cullerton.

Wrote Rich Miller in his *Capitol Fax* newsletter: "Hendon has been called a showboat, for good reason, but he was as much of a work horse as he was a show horse. ... Behind his crazy suits (and matching shoes), the bold trash talk from an unedited mouth and his unsettling West Side ways, he was a serious operator."

During last year's campaign for governor, Hendon called Republican candidate Bill Brady "racist, sexist and homophobic," but he later apologized.

Hendon could not be reached for comment after his resignation.

Ethics violation forces co-chair off Emanuel transition team

Judy Erwin, former executive director of the Illinois Board of Higher Education, resigned as co-chairwoman of Chicago Mayor-elect Rahm Emanuel's transition team after it was learned she had been penalized by the state Executive Ethics Commission for doing campaign-related work on state time.

"I certainly regret it. There were lapses in judgment," Erwin says. "I hope that these mistakes do not outweigh 30 years of public service."

Erwin was a state representative from 1992-2003, and prior to that, she worked as communications director for former Senate President Phil Rock.

"I hope everyone can learn from my poor judgment," says Erwin, who agreed not to seek or accept further state government employment, reimbursed the IBHE for \$1,281.63 in travel and telephone usage costs and paid a \$4,000 fine. According to the ethics commission, she had used her state e-mail account and state-issued cell phone to conduct campaign activities.

Part of the problem, Erwin says, was her lack of proficiency in use of technology.

QUOTABLE

“Let me tell you something: We won’t lose any business to Illinois as long as Pat Quinn’s the governor. He’s a disaster.”

New Jersey Gov. Chris Christie at a March 3 news conference covered by the Associated Press. Quinn, at a January press conference at which he discussed Christie-backed ads beckoning Illinois business to come to New Jersey said:

“New Jersey’s way of balancing the budget is not to pay their pension payment, not to deliver on property tax relief that was promised, to fire teachers, to take an infrastructure project — building a tunnel that had already been started — and end it and have to pay money back to the federal government.”

Shifts at the top

Jonathon Monken, who had served as acting director of the Illinois State Police since 2009, was named director of the Illinois Emergency Management Agency after failing to receive Senate confirmation for the police job.

An apparent sticking point was his lack of police experience. Monken, a former U.S. Army captain who served in Iraq, is a graduate of West Point.

The Senate approved Monken as IEMA director in February.

Patrick Keen, deputy director for the division of administration for the Illinois State Police, was tapped to take Monken's place as interim director.

Meanwhile, **Manuel Flores**, whom Gov. **Pat Quinn** appointed as chairman of the Illinois Commerce Commission in January 2010, also never received Senate confirmation. Quinn in late February named Flores as director of the Division of Banking in the Illinois Department of Financial and Professional Regulation. **Doug Scott**, who had been director of the Illinois Environmental Protection Agency since 2005, was named to the chairmanship of the ICC. Flores served on the Chicago City Council and as a prosecutor in the Cook County State's Attorney's Office. He received his undergraduate degree in political science from Dominican University and his juris doctorate from George Washington University Law School.

Scott, a former lawmaker and Rockford mayor, has a bachelor of arts degree from the University of Tulsa and a juris doctorate from Marquette University.

Lisa Bonnett was appointed as interim director of IEPA. Bonnett is currently serving as the agency's acting deputy director and previously served as its chief fiscal officer. She has a bachelor's degree and master's degree from the University of Illinois Springfield.

Andrew Ross is the state's chief operating officer, replacing Jack Lavin, who is now Quinn's chief of staff. Ross for the past two years has served as a deputy chief of staff in the governor's office. He has a bachelor's degree from Northwestern University and a master's from Syracuse University.

Honors and awards

Six individuals will receive the 2011 Order of Lincoln Medallion on April 16 in Urbana.

The Lincoln Academy of Illinois was created in 1964 to recognize Illinois' most distinguished citizens, either by birth or residence, who have brought honor to the state through their achievements. Prior recipients of the Order of Lincoln award include President Ronald Reagan, the Chicago Bears' Walter Payton, Poet Laureate Gwendolyn Brooks, author David Herbert Donald, business leader Lester Crown, Nobel scientist Leon Lederman and educator Stanley Ikenberry.

The 2011 laureates are **Richard and Mary Lackritz Gray, Shahid Khan, Shirley Madigan, Dawn Clark Netsch** and **Dr. Timothy Nugent**.

The Grays have contributed to the arts "through commitments of time, gifts of art and donations," according to a media release on the awards. The Richard Gray Gallery was founded in 1963. Mary Lackritz Gray, an art historian, wrote *A Guide to Chicago's Public Sculpture* in 1983 and *A Guide to Chicago's Murals* in 2001.

Khan is president of the Flex-N-Gate Corp., based in Urbana. "Khan has made significant investments in educational opportunities for future generations by supporting research, teaching, and outreach activities," the release states.

"Madigan has given a lifetime of commitment to supporting and promoting arts organizations nationally and internationally." She was appointed to the Illinois Arts Council in 1976 and is chairwoman of the organization.

Netsch, professor of law emerita at the Northwestern University School of Law, is a former Illinois comptroller, was a state senator for 18 years and ran for Illinois governor in 1994.

Netsch "has been a pioneer in education, law and politics for more than 60 years," the release states.

Nugent "has devoted his entire professional life to transforming lives through the development of technologies that enhance mobility."

Nugent founded the Division of Disability Resources and Educational Services in 1948 at the University of Illinois Urbana-Champaign. It was the first post-secondary disability support service program in the world. Nugent was also "instrumental in the development of architectural accessibility standards that shaped laws throughout the nation."

Three Chicago lawyers received an award from a national advocacy group for their legal work on capital punishment cases.

The National Coalition to Abolish the Death Penalty honored lawyers **Andrea Lyon, David Bradford** and **Thomas Sullivan** with the group's 2011 Outstanding Legal Service Award.

The group rewarded the three for "protecting and defending the integrity of the legal system [in Illinois]," Margaret Summers, the communications director for the National Coalition to Abolish the Death Penalty, said in a written statement.

Bradford and Sullivan are partners at Jenner & Block LLP, a Chicago firm.

Sullivan, a former U.S. attorney, worked as co-chairman on the Illinois Governor's Commission on Capital Punishment. The commission was created by Gov. George Ryan in 2002 after his moratorium on capital punishment.

Bradford, who co-chairs the firm's national litigation department, has also represented a number of death row inmates.

Lyon, associate dean for clinical programs and director of the Center for Justice in Capital Cases at DePaul University, has represented more than 30 defendants in death penalty cases.

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To enact a fiscally responsible budget

In the coming days, state lawmakers will begin the process of crafting a state budget. As the budgeting process advances, I will be urging my fellow colleagues to continue to build on the work that we have already done and to follow through with the goal of putting Illinois' fiscal house in order by enacting a fiscally responsible state budget.

As our state and local economies continue to make progress toward an economic recovery, many local residents are forced to make do with a limited amount of income. The state of Illinois should do the same. The state should not spend money on new programs or increase spending programs. Just like a family that has to live on a budget, the state must start to live within its means.

Even after the General Assembly has cut \$3 billion in spending and enacted numerous financial reforms, we still have a tremendous amount of work to do as we endeavor to put Illinois in better fiscal and budgetary health. That's why lawmakers must leave no stone unturned when it comes to rooting out wasteful and unneeded state spending.

The budget process has been reformed by measures recently enacted by the General Assembly. These budgeting reforms ensure an end to business as usual when it comes to passing a state budget. Agencies and other entities receiving taxpayer dollars will no longer begin the process by taking the amount they received last year and asking for even more. They will have to justify the need for every penny spent and learn to deal with receiving less funding than the previous year.

As substantive budget talks begin, I will be speaking with local families, small-business owners and other leaders from my district to investigate the state funding needs of my district. When the budgeting process is complete, it is my hope lawmakers are able to agree on a fiscally responsible budget that reflects what the citizens have been demanding from their leaders: a budget with less spending and more accountability.

*Rep. Thomas Holbrook
Belleville*

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Charles N. Wheeler III



School district consolidation plan isn't as simple as it may seem

by Charles N. Wheeler III

Mention hot-button issues in Illinois politics, and what comes to mind? Abortion? Gun control? Tax hikes? All contentious issues, to be sure, but the most explosive fireworks this spring could come from Gov. Pat Quinn's push to cut by almost two-thirds the number of school districts in the state.

"Illinois currently has 868 school districts, and our fiscal reality demands consolidation," the governor said in his budget address. "I am proposing the formation of a commission that will review the number of school districts in our state. Consolidation lowers administrative overhead, improves efficiency and will save taxpayers \$100 million."

Only California and Texas have more school districts than Illinois, and more than 200 of the districts here have just a single school. Though few details were available immediately, Quinn aides said the governor's plan envisions the commission drawing boundaries, likely based on population, for roughly 300 school districts after hearings and study. But the commission's handiwork would not require local voter approval in the affected areas; instead, the new maps would be imposed in time to elect members to the newly crafted school boards in spring 2013, so students could start school in the new districts in the fall.

The governor's plan quickly triggered a negative barrage from the education com-

The governor's plan quickly triggered a negative barrage from the education community.

munity, but Quinn stuck to his guns. "We don't need as many folks at the top level," Quinn told reporters. "We need folks on the front line, in teaching, imparting knowledge and making sure our kids get 21st-century education."

The governor added that at least 270 school superintendents earn more than his \$177,412 salary. "I'm not sure we need so many of them," he said.

Quinn's shot at high-paid school administrators was reminiscent of his successful campaign some three decades ago to cut the size of the Illinois House by one-third in the wake of an extremely unpopular pay raise that lawmakers approved in the waning hours of the 1979 fall session.

While voters in 1980 jumped at the chance to eliminate 59 politicians, citizens are much less enthusiastic about shuttering local schools, even less so when the death knell comes from Springfield. Just ask former Gov. Jim Thompson.

As part of a wide-sweeping education reform package Thompson signed in July 1985, local committees were formed

across the state to recommend school consolidations based on minimum enrollment figures, with the reorganization plans submitted to voter referendum two years later.

At first, the package's telephone and cigarette tax increases and its changes in teacher credentialing and evaluations drew the most attention. As public awareness grew about the consolidation provisions, though, the resulting firestorm was so fierce that lawmakers and Thompson repealed the consolidation provisions the following March.

Now, much as their predecessors helped fashion the 1985 proposal, state schools Superintendent Christopher Koch and Education Board chairman Jesse Ruiz are backing Quinn's initiative, which they say is a way to reduce administrative overlap and shift additional resources to the classroom.

The prospect of saving big bucks by downsizing administration is certainly appealing, especially when the state and most school districts are struggling financially, but the rewards may not be as great as advertised, either fiscally or educationally.

In a recent report published by the National Education Policy Center, researchers from Ohio University studied consolidation over the past 25 years and concluded that policymakers should be skeptical of its professed benefits.

"Research on the effects of contemporary consolidation suggests that new consolidation is likely to result in neither greater efficiency nor better instructional outcomes — especially when it results from state policy that implements large-scale forced consolidation," noted the researchers, who are educational administration professors at the Ohio school.

Larger school districts frequently require additional mid-level administrators, higher teacher salaries and greater transportation costs, all of which offset savings from fewer superintendents, the researchers found.

Nor do larger schools and districts mean better student performance, according to a 2009 report by the Center for the Study of Education Policy at Illinois State University.

"Research indicates that student achievement in smaller schools is equal or better to that of students in large schools," the ISU report noted, and "small schools are equal or superior to large schools in their ability to prepare students for college admission and completion."

Moreover, students in smaller schools show lower rates of negative social behavior and have lower dropout rates and higher graduation rates than their counterparts in large schools, the ISU study found.

The Ohio University researchers noted other possible drawbacks as districts grow bigger. "Larger school and district sizes can lead to lower student participation rates in extracurricular activities, less parental involvement in school affairs, more dangerous school environments and larger achievement gaps for low-income and minority students," they said.

Their conclusion? "Overall, state-level consolidation proposals appear to serve a public relations purpose in times of fiscal crisis, rather than substantive fiscal or educational purposes," they wrote.

Rather than impose new district boundaries on unwilling local communities, the better approach for Quinn and lawmakers would be to continue to encourage likely candidates for consolidation to explore their options, weighing all the factors

and working all the details, before local voters have the final say. To sweeten the deal, the state already offers a number of financial incentives to interested districts, ranging from funds to pay for technical expertise and feasibility studies at the outset, to supplemental state aid payments, funds to cover any salary differential among merging districts and a \$4,000-per-teacher bonus once the merger is approved. Sixteen reorganized districts are sharing some \$3.2 million this year, and Quinn's proposed budget includes \$4.6 million for fiscal year 2012.

Granted, the current voluntary process is slow — just 57 districts were crunched into 35 through consolidation or annexation in the last decade — but it respects Illinois' longstanding commitment to local control of its schools.

One would imagine Pat Quinn, of all people, would understand that. □

Charles N. Wheeler III is director of the Public Affairs Reporting program at the University of Illinois Springfield.



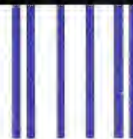
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